From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	$120M Note - amending agreement no.7 (Lisa changes) rev1.docx
Date:	Wednesday, November 29, 2017 12:22:09 PM
Attachments:	$120M Note - amending agreement no.7 (Lisa changes) rev1.docx

Hi Ryan,

This draft looks good. I've made a couple of minor editorial tweaks. You may need to review formatting. I don't need to review this again unless we receive comments/amendments back from IESO.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the [DATE], 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1.
The following definitions are added to Section 1.1 (Definitions) of the Agreement:

"Clean Energy Adjustment" has the same meaning as that term is defined in the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

Commented [LS1]: Insert

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Commented [LS2]: Add

Commented [RB3]: Used same definition as the one used in IESO-OFA Revolving Credit Facility Agreement executed on Nov 6, 2017

Commented [LS4]: Add definition

Commented [RB5]: Added

.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

Commented [LS6]: Confirm title

Commented [RB7]: Confirmed

From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	$120M Note - amending agreement no.7 (blackline to no.6) rev.docx
Date:	Wednesday, November 29, 2017 10:48:44 AM
Attachments:	$120M Note - amending agreement no.7 (blackline to no.6) rev.docx

Hi Ryan,

Please see attached a black-lined version of AA no. 7 with my suggested amendments and comments. Please review and send me a revised version for review (black-lined from my version)

I have not yet reviewed the Amending Agreement for the $160M note – please use these amendments to update that amending agreement (where required) and then send me an updated version for review.

Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the ~~[~~DATE~~]30th day of April~~, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, ~~and~~ April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

~~**AND WHEREAS** the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.~~

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to ~~change the definition of "Permitted Liens" to~~ accommodate IESO's role and obligations under the Ontario Fair Hydro Plan Act ~~(OFHP)~~.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. ~~Section 1.1 Definitions of the Agreement is amended as follows:~~

The following definitions ~~of Ontario Fair Hydro Plan "OFHP" is~~ are added ~~under~~to Section 1.1 (Definitions) of the Agreement:

"Clean Energy Adjustment" means…..

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection ~~(~~1.1(j)~~,J)~~; replacing the "." at the end of subsection (1.1 (k)~~,K)~~ and replacing it with "and"; and adding the following subsection ~~(~~1.1~~.~~(l)~~L)~~:

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Commented [LS1]: Add

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Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 2 + Alignment: Left + Aligned at: 0" + Indent at: 0.25"

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(l) ~~"(1.1.L)~~ ~~A~~any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

~~**IN ALL OTHER RESPECTS**, the Agreement is confirmed by the parties.~~

~~**IN WITNESS WHEREOF** the parties have executed and delivered this Amending Agreement as of the date first written above.~~

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael Manning
Title: Chief Operating Officer

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Commented [LS2]: Add definition

Commented [LS3]: Confirm title

~~**SCHEDULE 1**~~

~~**FORM OF FIFTH REFINANCING NOTE**~~

~~**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**~~

~~**NOTE**~~

~~Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.~~

~~Date: April 30, 2017~~

~~Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)~~

Commented [LS4]: Delete schedule

Due: June 30, 2020

FOR VALUERECEIVED, the INDEPENDENT ELECTRICITY SYSTEMOPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

~~This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.~~

~~IN WITNESS WHEREOF IESO has executed this Note.~~

~~**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**~~

~~**By:_____**~~
~~**Name: Kimberly Marshall**~~
~~**Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer**~~

From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	$160M revolving credit - amending agreement no.7 (Lisa Changes blackline) -LS comments.docx
Date:	Wednesday, November 29, 2017 12:45:18 PM
Attachments:	$160M revolving credit - amending agreement no.7 (Lisa Changes blackline) -LS comments.docx

Hi Ryan,

Please see my comments and suggested amendments, attached (similar to previous amending agreement). However, as per my earlier e-mail, before proceeding, we need to ensure that there were no relevant amendments under the previous amending agreements.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. ~~6~~7

This Amending Agreement is effective as of the •~~30~~ day of •~~April~~, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL ~~–~~CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014~~, and~~ Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $~~95~~160 million.

Commented [LS1]: Please confirm that you have captured all amendments here.

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);~~

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;~~

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;~~

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*.

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THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as ~~–~~follows:

1.
The following definitions are added to Section 1.1 (Definitions) of the Agreement:

"Clean Energy Adjustment" has the same meaning as that term is defined in the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

Commented [LS2]: NTD: Delete from other amending agreement as well

~~1. Section 1.1 Definitions of the Agreement is amended as follows:~~

~~i) The definition of "Amalgamation" is deleted.~~

~~ii) The definition of" Commitment" is deleted and replaced with:~~

~~**"Commitment"** means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.~~

~~iii) A definition of **"IESO Corporate Requirements"** is added as follows:~~

~~"IESO Corporate Requirements" means any borrowing purposes authorized by 0. Reg. 280/14 made under the Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.~~

~~iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:~~

~~**"Ontario's Fair Hydro Plan"** means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.~~

~~v) The definition of "New IESO" is deleted.~~

~~vi) The definition of "Note" is deleted and replaced with:~~

~~"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.~~

~~vii) The definition of "OPA" is deleted.~~

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the tenns and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief ~~Operating~~ Investment Officer

SCHEDULE 1

Commented [LS3]: Delete this Schedule

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid ("Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23,2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, ~~and~~ by Amending Agreement No. 6 dated April 30, 2017, and by Amending Agreement No. 7 dated •, •, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be prima facie evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO. IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

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From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Sarah Harris
Subject:	$160M revolving credit - amending agreement no.7 -LS comments (004).docx
Date:	Wednesday, November 29, 2017 3:59:48 PM
Attachments:	$160M revolving credit - amending agreement no.7 -LS comments (004).docx

Hi Ryan,

I've made some additional amendments and added comments. Please see attached and let me know if you would like to discuss further.

I note that I will be away from the office tomorrow at a seminar; however I will be monitoring e-mails.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIALCORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million.

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on [DATE].

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions ~~is~~ are added to Section 1.1 (Definitions) of the Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of ~~"~~"Ontario's Fair Hydro Plan" ~~originally added to Section 1.1 (Definitions) in Amending Agreement No. 6 dated April 30, 2017~~ is deleted in its entirety. ~~and replaced with:~~

Commented [LS1]: Confirm and insert date. This provides context for subsequent deletion of definition of "Ontario's Fair Hydro Plan".

This can be added to the other amending agreement as well (for consistency)

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Commented [LS2]: NTD: Please confirm that there are no other references to this term in the agreement (other than as amended in s. 3.6 below)

Commented [LS3]: Definition of "Agreement" includes all amendments

~~"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.~~

3. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

~~3.~~

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Paragraph 3.6(c) of the Agreement ~~which was deleted and replaced in Amending Agreement No. 6 dated April 30, 2017~~ is deleted and replaced ~~once more~~ by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under ~~*Ontario Fair Hydro Plan Act, 2017*~~OFHP shall be deemed not to be material adverse change for the purposes of this section; and

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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Commented [LS4]: NTD: Query whether IESO will request this amendment in the other agreement for the $120M note.

Commented [LS5]: NTD: Using new defined term.

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From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Jean-Francois Beaupre; Sarah Harris
Subject:	$160M revolving credit - amending agreement no.7
Date:	Wednesday, November 29, 2017 3:38:46 PM
Attachments:	$160M revolving credit - amending agreement no.7 -LS comments.docx

Hi Lisa,

Following our telephone conversation I raised the issue with Sarah and we agreed that we should move forward with deleting and replacing the definition of "Ontario's Fair Hydro Plan" with the definition of "OFHP" (Ontario Fair Hydro Plan Act, 2017). This will require also deleting and replacing paragraph 3.6(c) of the Agreement so it now references the Act rather than the Plan. When we send our draft amending agreement to IESO we will explain with a comment our reasoning behind the change (at the time of drafting Amending Agreement No. 6 in April 2017 the Act had not come into effect).

Please review the revised draft attached and let us know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIALCORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million.

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definition is added to Section 1.1 (Definitions) of the Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

2. The definition of "Ontario's Fair Hydro Plan" originally added to Section 1.1 (Definitions) in Amending Agreement No. 6 dated April 30, 2017 is deleted and replaced with:

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

3. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Paragraph 3.6(c) of the Agreement which was deleted and replaced in Amending Agreement No. 6 dated April 30, 2017 is deleted and replaced once more by the following:

   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under *Ontario Fair Hydro Plan Act, 2017* shall be deemed not to be material adverse change for the purposes of this section; and

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Caroline Swerdlyk
Subject:	(draft) OFHP IESO waiver_.OFA legaldocx.docx
Date:	Thursday, March 08, 2018 3:46:38 PM
Attachments:	(draft) OFHP IESO waiver_.OFA legaldocx.docx

Hi Will,

Please see attached my suggested black-lined amendments and comments on the draft waiver.

In addition to the attached comments, have you considered how this daylight borrowing period will work from an operational point of view, for both the new Proposed Advance and the Continued Advance? Will interest still be applicable and how will it be calculated? Do we need to specify further details in the waiver?

As I will be away on vacation starting tomorrow, I have copied Caroline on this e-mail. As previously noted, she will be able to assist you in my absence.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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Phone: 416-325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

March ~~7~~ XX 2018

Kimberly Marshall
Independent Electricity System Operator
120 Adelaide Street, Suite 1600
Toronto, M5H 1T1

Re: **$530,000,000 Borrowing and Election Notice d~~D~~ated March 21, 2018 ~~waiver 5-day minimum advance period.~~**

Dear Kimberly,

The Ontario Financing Authority ("OFA") is in receipt of the Borrowing Notice and Election Notice provided by the Independent Electricity System Operator ("IESO") to the OFA dated March 21, 2018 for ~~the~~ a new P~~p~~roposed A~~a~~dvance of $208,000,000 ~~(the "March 21, 2018 Borrowing Notice")~~ and a proposed Continued Advance of $332,400,560.14 ~~(the "March 21, 2018 Election Notice)~~(the "March 2018 Borrowing and Election Notice") under the ~~FHP~~ Revolving Credit Facility Agreement ~~2017-2022~~ between the IESO and OFA dated November 6, 2017, as amended (the "Credit Agreement"), the terms defined therein being used herein as therein defined.

For the sole purpose of the March ~~21,~~ 2018 Borrowing and Election Notice~~Notice and Election Notice~~, the OFA hereby agrees to ~~modify~~ waive the requirement set out in ~~section 3.2 of the Credit Agreement that the Repayment Date of the Advance which shall not b earlier than 5 days and not later than 95 days after the date of the request Advance. OFA also agrees to modify the requirement set out in~~ section 3.3(1) of the Credit Agreement that a Continued Advance must be ~~any Advance and any amount of interest on such Advance (together, the "Continued Advance")~~for a further period of at least 5 days,~~5 says and up to a maximum of 95 days~~ beginning on the then current Repayment Date.

For greater clarity, for the purpose of the March 2018 Borrowing and Election Notice only, there shall be no minimum number of days required from the date of the Proposed Continued Advance to the New Repayment Date. Pursuant to section 3.3(3) of the Credit Agreement, the Repayment Date of the requested Proposed Advance under the March 2018 Borrowing and Election Notice shall be the New Repayment Date.
~~IESO consents to a Repayment Date of 1 day from the date of the proposed Advance and proposed Continued Advance under the Borrowing Notice and Election Notice, for the full principal amount of the proposed Advance and proposed Continued Advance.~~

Commented [LS1]: Please confirm date; letter provides below that the OFA is in receipt of the notice

Commented [LS2]: Please note and confirm

Commented [LS3]: NTD: There is no requirement to waive section 3.2(!) as the applicable section for a further Advance to be made on the Current Repayment Date is section 3(3), which refers to the New Repayment Date (which shall now have no minimum).

Commented [LS4]: No consent required as requirement for a minimum 5 days is waived.

Accordingly, OFA hereby agrees to waive~~s~~ the requirement for the IESO to certify on the March 2018 Borrowing and Election Notice that the ~~as set out in section 3.2 and Schedule 1 of the Credit Agreement for IESO to provide the following certification in the March 21, 2018 Borrowing Notice:~~

> ~~"(c) The Repayment Date of the Proposed Advance is_____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]"~~

~~Additionally, OFA waives the requirement~~New Repayment Date is not earlier than 5 days after the current Repayment Date for the Advance, as required in section 3.3(2) and Schedule 2 of the Credit Agreement. ~~as set out in section 3.3 and Schedule 2 of the Credit Agreement for IESO to provide the following certification in the March 21, 2018 Election Notice:~~

> ~~"(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]"~~

Subject to the foregoing, ~~section 3.2 and~~ section 3.3 of the Credit Agreement appl~~y~~ies in its entirety~~ies~~ to all future Proposed Advances and Continued Advances.

Best Regards,

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer,
Capital Markets Division

Commented [LS5]: Under Schedule 2 of the Credit Facility Agreement, the New Repayment Date is the same for the Proposed Advance and Proposed Continued Advance.

Commented [LS6]: NTD: This certification is still required; however, no minimum required.

Commented [LS7]: See above comment

From:	Lisa Stein
To:	John Kim
Cc:	Malle Hanslep (MOF); Lisa Stein; Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	01 - IESO-OFA - FHP LoC - Intercept Directive v10.docx
Date:	Friday, August 18, 2017 12:14:49 PM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v10.docx

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Hi John,

Please see the attached draft briefing note, with my suggested amendments (primarily to remain consistent with the revised directive).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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OFA -- IESO CREDIT FACILITY ~~IES~~MINISTER OF FINANCE DIRECTIVE TO EXEMPT THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE") REQUIRED UNDER THE OFA'S LENDING POLICY

BACKGROUND

Pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013, the Minister of Finance ("Minister") approved and directed the Ontario Fiancing Authority ("OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

~~The Independent Electricity System Operator (IESO)~~The IESO had requested a new revolving credit facility ~~("the credit facility")~~ in an amount of up to $2 billion from the ~~Ontario Financing Authority ("~~OFA~~")~~ to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

On June 29, 2017, the OFA received ~~a Lending d~~Directive from the Minister ~~of Finance~~ to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the ~~OFA~~Minister ~~of Finance~~to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an ~~from the i~~Intercept p~~P~~rovision ~~both~~ in ~~its OFHP Credit Facility~~ the OFHP Ceredit F~~f~~acility agreement with the IESO, as well as ~~and~~ the ~~reduced $475 million credit facilit~~Original ~~y~~Credit Facility Agreement, both of which may be amended from time to time~~.the new $2 billion credit facility to support the IESO's role in the Fair Hydro Plan and the reduced $475 million credit facility~~. ~~[The existing $975 million credit facility is requested to be reduced to $475 million, in connection with the newly requested $2 billion credit facility.]~~

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

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- ~~Note: The Intercept Provision under the OFA's Lending Policy for unsecured lending to a public body requires that, unless exempted by the Minister of Finance [or Treasury Board or Cabinet], the OFA put in place a provision whereby the OFA is entitled to deduct amounts equal to any amounts the public body fails to pay to the OFA under the loan, from money appropriated by the Legislature for payment to the public body.~~

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to ~~provide~~ exclude intercept provisions from the OFHP Credit Facility Agreement, as well as the Original Credit Facility Agreement~~these credit facilitiesies to the IESO without an Intercept provision~~, both of which may be amended from time to time~~under the OFA Lending Policy~~.

- The requested Intercept Exemption Directive would only apply to the two specified IESO credit facilities.

CONSIDERATIONS

- ~~This The OFHP Credit Facility~~This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the ~~Fair Hydro Plan~~OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility [to be amended from the current $975 million facility].

- ~~Under T~~the OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA~~, the following is provided for~~:

  ~~"~~Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.~~"~~

- The ~~intercept in the~~ OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RATIONALE FOR EXEMPTION

- ~~An~~ Including an i~~I~~ntercept p~~P~~rovision in the ~~new OFHP Credit Facility~~ credit facility agreements ~~credit facilities~~ with the IESO would have no practical usefulness ~~in the case of the IESO~~ as the IESO ~~it~~ receives no operational funding from the Province of Ontario.

Commented [LS5]: This is not a defined term.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the ~~two~~ ~~two revolving credit facilitiesies~~ Original Credit Facility Agreement and the OFHP Credit Facility agreement, both as amended from time to time, ~~agreement~~ ~~to the IESO [per the Minister's Directive signed on June 29, 2017]~~ from the OFA Lending Policy requirement to include an intercept provision~~the. Intercept provision under the OFA Lending Policy.~~

- ~~[The Intercept Exemption Directive would also exempt any lending to the IESO from the OFA, previously authorized and/or subsequently amended, to be exempt from the Intercept Provision.]~~

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of ~~not~~ having ~~an~~the ~~i~~Intercept Exemption ~~p~~Provision.]

BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.
-
- The IESO is a public body for the purposes of CIPA.

Commented [LS6]: Is this even a possibility? I thought there were no funds to intercept.

Commented [SK87]: There are payments (appropriated to Energy from the legislature) made to the IESO to carry out price mitigation programs (eg. electricity support programs).

Just want to explain here the intent of the policy isn't to claw back/intercept payments specifically designed to assist electricity ratepayers for which the IESO is a conduit.

Commented [JK8]: To Lisa's question - I don't believe that is the intent of requiring an intercept provision.

Commented [SK89]: This is to ensure both the 2B and 475M credit facilities are covered.

Commented [LS10]: See earlier comment

Commented [SK811]: Bullet above modified to include both facilities.

Commented [JK12]: To proceed with the Intercept Exemption Directive for the two facilities only.

Commented [RK13]: What about saying that as IESO is a consolidated entity, and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision?

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18~~7~~, 2017

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

From:	Lisa Stein
To:	John Kim
Cc:	Malle Hanslep (FIN) (Malle.Hanslep@ontario.ca); Lisa Stein; Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
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Legal Counsel
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FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of ~~not~~ having ~~an~~the ~~i~~Intercept Exemption ~~p~~Provision.]

BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.
-
- The IESO is a public body for the purposes of CIPA.

Commented [LS6]: Is this even a possibility? I thought there were no funds to intercept.

Commented [SK87]: There are payments (appropriated to Energy from the legislature) made to the IESO to carry out price mitigation programs (eg. electricity support programs).

Just want to explain here the intent of the policy isn't to claw back/intercept payments specifically designed to assist electricity ratepayers for which the IESO is a conduit.

Commented [JK8]: To Lisa's question - I don't believe that is the intent of requiring an intercept provision.

Commented [SK89]: This is to ensure both the 2B and 475M credit facilities are covered.

Commented [LS10]: See earlier comment

Commented [SK811]: Bullet above modified to include both facilities.

Commented [JK12]: To proceed with the Intercept Exemption Directive for the two facilities only.

Commented [RK13]: What about saying that as IESO is a consolidated entity, and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision?

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18~~7~~, 2017

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE TO MINISTER

From:	Lisa Stein
To:	John Kim
Cc:	Malle Hanslep (FIN) (Malle.Hanslep@ontario.ca); Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell
Subject:	01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 1:54:52 PM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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OFA -- IESO CREDIT FACILITY ~~IES~~MINISTER OF FINANCE DIRECTIVE TO EXEMPT THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE") REQUIRED UNDER THE OFA'S LENDING POLICY

BACKGROUND

The Independent Electricity System Operator ("IESO") requested a revolving credit facility ("the credit facility") in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). ~~In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.~~

On June 29, 2017, the OFA received ~~a l~~Lending ~~d~~Directive from the Minister of Finance to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the OFA to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an ~~from the i~~Intercept p~~P~~rovision ~~both~~ in its OFHP Credit Facility agreement with the IESO~~the new $2 billion credit facility to support the IESO's role in the Fair Hydro Plan and the reduced $475 million credit facility~~.

- ~~Note: The Intercept Provision under the OFA's Lending Policy for unsecured lending to a public body requires that, unless exempted by the Minister of Finance [or Treasury Board or Cabinet], the OFA put in place a provision whereby the OFA is entitled to deduct amounts equal to any amounts the public body fails to pay to the OFA under the loan, from money appropriated by the Legislature for payment to the public body.~~

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to provide the~~ese~~ requested credit facility~~ies~~ to the IESO without the inclusion of an ~~an I~~intercept provision in the loan agreement~~under the OFA Lending Policy~~.

CONSIDERATIONS

- ~~This~~ The OFHP Credit Facility will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the Fair Hydro Plan.

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Commented [LS1]: After discussion with Ken Russell, we think the directive should be limited to the new credit facility agreement.

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Commented [LS2]: This is not a defined term.

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- ~~Under~~ T~~t~~he OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA~~, the following is provided for~~:

  ~~"~~Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.~~"~~

- The ~~intercept in the~~ OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  - The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.
  - ~~o~~

RATIONALE FOR EXEMPTION

- ~~An~~ Including an i~~I~~ntercept p~~P~~rovision in the new OFHP Credit Facility agreement with the IESO would have no practical usefulness in the case of the IESO as it receives no operational funding from the Province of Ontario. While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers. Intercepting these program specific payments, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the new ~~two revolving~~ credit facility~~ies~~ agreement with ~~to~~ the IESO [per the Minister's Directive signed on June 29, 2017] from inclusion of an intercept provision, as required by the OFA Lending Policy. ~~Intercept provision under the OFA Lending Policy.~~
- ~~[The Intercept Exemption Directive would also exempt any lending to the IESO from the OFA, previously authorized and/or subsequently amended, to be exempt from the Intercept Provision.]~~

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision.]

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Commented [SK84]: This is to ensure both the 2B and 475M credit facilities are covered.
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BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.
-
- The IESO is a public body for the purposes of CIPA.

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Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

From: John Kim
To: Lisa Stein
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v12Clean3.docx
Date: Tuesday, September 19, 2017 3:47:51 PM
Attachments: 01 - IESO-OFA - FHP LoC - Intercept Directive v12Clean3.docx

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I believe this is the one.

OFA -- IESO CREDIT FACILITY
MINISTER OF FINANCE DIRECTIVE FOR AN EXEMPTION FROM THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE")
REQUIRED UNDER THE OFA'S LENDING POLICY

CONTEXT

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility (currently provided under the "Original Credit Facility Agreement", see Background section) from the current $975 million to $475 million.

On June 29, 2017, the OFA received a directive from the Minister to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an intercept provision in the OFHP Credit Facility agreement with the IESO, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA:

  > Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.

- The OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to exclude intercept provisions from the OFHP Credit Facility Agreement, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The requested Intercept Exemption Directive would only apply to the two specified IESO credit facilities.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the Original Credit Facility Agreement and the OFHP Credit Facility agreement, both as amended from time to time, from the OFA Lending Policy requirement to include an intercept provision.

RATIONALE FOR EXEMPTION

- This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility (to be amended from the current $975 million facility).

- Including an intercept provision in the credit facility agreements with the IESO would have no practical usefulness as the IESO receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of having the Intercept Exemption Provision.]

BACKGROUND

<u>The IESO</u>

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.

- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.

- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

- The IESO is a public body for the purposes of CIPA.

OFA Credit Facilities to the IESO

- Pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28, 2016, the Minister of Finance ("Minister") approved and directed the Ontario Fiancing Authority ("OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes.

- Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act*, *1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

- Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

- The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18, 2017

From: Nathan Yuen
To: Lisa Stein
Subject: 2018 OFA Business Plan
Date: Wednesday, June 13, 2018 4:45:38 PM
Attachments: 2018-21 OFA Business Plan.pdf

Hi Lisa,

Please see attached for the final 2018 OFA Business Plan as requested.

Thanks!
Nathan

2018–21 Business Plan

Approved by the Board of Directors

February 9, 2018
Date

Approved by the Minister of Finance

Signature

Date

The Honourable Charles Sousa
Minister of Finance

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EXECUTIVE SUMMARY

The Ontario Financing Authority (OFA) is a Provincial Crown agency established by the *Capital Investment Plan Act, 1993* (CIPA). The initiatives in the OFA's *2018–21 Business Plan* will focus on achieving the objectives set out in CIPA and the objectives set out in the OFA's mandate letter from the Minister of Finance, delivered on October 3, 2017 over a three year planning horizon, as well as reporting on results of the previous year's Business Plan. Initiatives for the 2018–21 Plan include:

1. Executing the Province's borrowing program through development and implementation of the annual Financing, Debt & Electricity Management Plan. The Plan will provide critical details on the borrowing program, including term structure and diversification objectives, as well as investor relations, liquidity, floating rate, foreign exchange and credit risk strategies, and also outline major risks and risk mitigation strategies.

2. Managing the Province's debt, investments, Ontario Nuclear Funds Agreement (ONFA) and financial risk, and contributing to the development of the Province's fiscal plan and outlook by working to generate savings from liquid reserve investment activities within prudent risk exposure limits, as well as centralized/segregated investment funds for various public bodies. This also involves managing ONFA-related investments, working together with Ontario Power Generation Inc. (OPG), to ensure interest rate, foreign exchange and credit exposures are within approved policy limits, as well as contributing to the Province's annual Budget, Fall Statement and quarterly finances.

3. Managing key financial relationships by building and maintaining connections with investors in both existing and new markets, as well as relationships with banks, financial service providers and investment dealers. This includes providing Investor Relations information products and updates on the OFA website. Maintaining close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status, priorities, and initiatives, and complete regulatory filings with the U.S. Securities & Exchange Commission (SEC) and any other applicable securities regulators.

4. Providing cash management and banking services on a centralized basis to all ministries and settlement, payment, financial and reporting, loan administration, information technology and client services to the Treasury Program by implementing effective treasury solutions for the Province and client agencies. Ensuring that the Province has sufficient cash available at all times to meet its financial obligations, and continuing to work with the other ministries to advise on banking and cash management components of government initiatives, as well as, on changes to accounting standards and their impact on the Province's debt and interest on debt (IOD).

5. Advising on and implementing corporate and electricity finance projects and policies by providing analysis and advice on cost-effective borrowing, investing and risk management by public bodies and other financing proposals, and on business cases for business supports. This includes providing advice on transactions that may affect the indebtedness or contingent liabilities of Ontario, including provincial guarantees. In addition, undertaking policy and financial analysis, modelling support and implementation, as required, for electricity financings, policies and initiatives, including OPG, the Independent Electricity System Operator (IESO), and ONFA, which could have fiscal, financial and/or economic implications for the Province and/or Ontario Electricity Financial Corporation (OEFC).

6. Ensuring the successful activation of OFA's decentralized Business Continuity Plan (BCP) by reviewing and updating the Corporate BCP Framework and Business Unit plans, as well as conducting corporate-wide BCP test exercises.

OVERVIEW OF 2017–18 RESULTS (TO DATE)

The Ontario Financing Authority (OFA) accomplished the following in support of the overall strategic directions outlined in the 2017–20 Business Plan[1]:

1. *Execute the Province's borrowing program*

- As of January 30, 2018, the OFA had completed $28.6 billion (110.9 per cent) of its $25.8 billion (as per the 2017 Fall Economic Statement) long-term borrowing requirement for 2017–18. Approximately 69 per cent of long-term borrowing was completed in the Canadian dollar market.
- The 2017–18 Ontario Savings Bond (OSB) campaign raised $64 million.
- The objectives set out in the 2017–18 Financing, Debt & Electricity Management Plan, approved by the OFA Board, are on track and expected to be successfully completed by fiscal year end.
- Sufficient liquidity has been available over the fiscal year to ensure the Province has been able to meet all of its financial commitments and payment obligations, largely reflecting the long-term borrowing program being consistently ahead of pace.
- Successfully executed 4 carve-out deals[2] to-date for the 2017–18 fiscal year (as of January 23, 2018). Held in-depth discussions with individual carve-out investors.
- On January 25, 2018, the Province successfully priced a $1 billion Green Bond. The 7 year bond will help fund seven green infrastructure projects, with an emphasis on clean transportation and energy efficiency and conservation. The transaction represents the fourth and largest Green Bond offering from the Province of Ontario.
- Provided expertise in accounting for Green Bonds, and set up financial accounting and reporting for these investment vehicles that met the requirements outlined by the investor community. Developed and released a third Green Bond newsletter on December 21, 2017, updating investors on the third Green Bond's use of proceeds, and project selection process, as well as, providing project updates on the 13 projects selected.
- Analyzed the scope and impact of the Markets in the Financial Instruments Directive (MiFID) II and the Bank Recovery and Resolution Directive (BRRD) on the Province and implemented required documentation changes to ensure the Province's continued, uninterrupted access to European capital markets.

2. *Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook.*

- The OFA has replaced its traditional methodology for performance management with a more accurate and comprehensive performance measurement methodology based on the tenor of individual debt issues. Applying this methodology, the cost of regular borrowing for the Province as of January 25, 2018 translated to a percentile ranking of 55th percentile, falling within the target band of 45 to 55 percentile. The cost of strategic foreign borrowing as of January 25, 2018 translated into a percentile ranking of 76th percentile, worse than the designated target band for strategic foreign borrowings of 50 to 75 percentile.
- The money market performance was $8.1 million or 3.7 basis points (bps) better than the benchmark as of December 29, 2017. The performance is 1.7 bps better than the upper limit of the target band which is plus or minus two bps over the benchmark.

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[1] The OFA's fiscal year end is March 31, 2018, but quantitative performance results are as of December 31, 2017, unless otherwise noted.

[2] In order to accommodate large bond purchases by a single buyer, a large order procedure was implemented on October 14, 2011. The "carve-out" procedure allows for a portion of a bond issue to be sold to a single buyer.

- The IOD expense for 2017–18 is currently forecast at $12,246 million, consistent with the forecast in the *2017 Budget*.
- Funds were managed on a discretionary basis on behalf of the Pension Benefits Guarantee Fund, Deposit Insurance Corporation of Ontario, Ontario Trillium Foundation, Infrastructure Ontario, and a commitment fund for the Ontario Capital Growth Corporation.
- Funds were managed on a non-discretionary basis on behalf of the Ontario Immigrant Investor Corporation and Northern Ontario Heritage Fund.
- With OPG, the Used Fuel and Decommissioning Segregated Funds' investments were managed under ONFA. The Funds have grown from about $19.4 billion at December 31, 2016 to about $20.3 billion at September 30, 2017. As of October 31, 2017, the rate of return for the Used Fuel Fund for one year was 10.26 per cent compared to the market benchmark of 8.65 per cent and a target rate of return of 4.63 per cent. The rate of return for the Decommissioning Fund for one year was 10.04 per cent compared to the market benchmark of 8.72 per cent and a target rate of return of 5.15 per cent.
- Contributed to the Province's annual Budget and quarterly finances, providing financial analysis and modelling to support the electricity sector outlook and assets; advised on the potential implications of initiatives on IOD, borrowing objectives, credit ratings and financial markets' reactions.
- Administered borrowing authority obtained under the *Financial Administration Act* (FAA) which is required to carry out the Province's borrowing program.

3. *Manage key financial relationships*

- Held road shows, investor meetings and conference calls to meet with investors in Canada, the United States, Europe and Asia, and hosted meetings at the OFA offices. Held 88 investor meetings and events as of December 31, 2017, including meetings with 12 new accounts. Provided keynote speakers and panelists at industry conferences in Toronto and New York City. Promoted Toronto as a global financial centre.
- Continued development of the OFA website to improve functionality, added additional information for investors and provided full mobile accessibility. As part of Ontario's *Open Data Directive,* the OFA published an Open Data Inventory List on its website, which includes all of the datasets the OFA creates, collects and/or manages. The website continues to be an important tool for communicating with investors and the public, receiving 27,831 visitors during the 2017 calendar year. Three CEO's Corner updates were posted over this time. The OFA email alert list had 385 subscribers as of December 31, 2017, as compared to 363 subscribers at the end of 2016.
- Maintained close relationships and held ongoing discussions with credit rating agencies and the banks which underwrite and distribute the Province's bonds in Canada and around the world to keep them apprised of government priorities and initiatives, the *2017 Budget*, the 2016–2017 Public Accounts, the *2017 Ontario Economic Outlook and Fiscal Review* (Fall Statement), the Province's final public offering of Hydro One common shares upon its public announcement and other quarterly finance releases.
- Managed increasingly more rigorous regulatory and disclosure requirements, and maintained close relationships with the regulatory bodies in the global capital markets.
- Monitored credit exposures to banks with which the OFA has relationships. The OFA has 10 collateralized swap agreements in place with banks to mitigate credit risk.
- Conducted comprehensive reviews of potential rule changes affecting the Province domestically and internationally such as the Market Abuse Directive (MAR) in the European Economic Area (EEA) and fee-based changes with Canada's primary central securities depository (CDS), consulting securities regulators and other capital market participants, as appropriate.
- Monitored and fully complied with international withholding tax requirements in respect of its financial agreements under FATCA and OECD Common Reporting Standard for Entity Tax Residency.

4. *Provide cash management and banking services as well as settlement, payment services, loan administration and financial and reporting services and client services*

- Provided centralized banking services to the Province by strategically managing banking relationships; provided efficient centralized cash management services to the Province, thereby contributing to lower IOD.
- Continued to provide cash management services to five client agencies and crown corporations, including the Pension Benefits Guarantee Fund, Ontario Capital Growth Corporation and the Deposit Insurance Corporation of Ontario.
- Managed the complex cash flows and settlement requirements associated with the Province's final public offering of Hydro One common shares ensuring that these very large and time sensitive transactions were completed on a timely and accurate basis.
- Continued to advise ministries on the application of the Cash Management Directive with regard to Government priorities including the proposed cap and trade mechanism for Ontario.
- Leveraged higher deposit returns from banks to strategically invest the Province's liquid reserves for higher overall returns.
- Continued strategic participation and advice to the cross-ministry Working Group, Executive Governance Committee and Payment Card Industry (PCI) Enterprise Coordination Office to ensure that ministries continued to maintain compliance with mandatory security requirements for debit/credit card acceptance.
- Continued to monitor and assist the Ministry of Community and Social Services on implementation of reloadable prepaid benefit cards for unbanked individuals receiving Ontario Disability Support Benefit payments thus providing both cost efficiencies and improved services to Ontarians.
- Provided analysis and advice to Ministry of the Environment and Climate Change (MOECC) on the structuring of the Province's proposed Cap and Trade auction program, which will be linked with those of California and Quebec, to ensure its sound financial management and protection of the Province's interests and also regarding the selection and management of a financially sound Financial Services Administrator to support the auction process.
- Provided advice on the banking requirements to facilitate the retail sales of Cannabis.
- Provided advice to the Ministry of Government and Consumer Services (MGCS) on their corporate purchasing / travel card program as well as analysis of related *Financial Administration Act* considerations. To date, the OFA's contribution has resulted in MGCS implementing changes to the guarantee of cash advances obtained by government employees under the travel card program which have significantly reduced risk exposure to the Province.
- Provided analysis and advice to ministries on payment options for new programs and program changes e.g. Ministry of Transportation High Occupancy Toll Lane project, Ministry of Advanced Education and Skills Development online collection of childcare license fees, and online Program Approval and Registration Information System for private career colleges, Ministry of Northern Development and Mines Forestry Trust, Ministry of Health and Long Term Care various health agencies banking operations (including LHINs and CCAC's merger implications), Ministry of Attorney General court services modernization.
- Worked closely with MOF as a stakeholder on their Transformation of Revenue Processing, Image Capture and Data Entry initiative as well as provided advice on their Basic Income Pilot program.
- Provided advice to various new public entities on structuring their banking arrangements including possible use of the Vendor of Record for banking services established by the OFA: Financial Services Regulatory Authority (FSRA) and Ontario Climate Change Solutions Deployment Corp (GreenON).
- Following a competitive tender, awarded the custodial and settlement services contracts for the Province, OFA, OEFC, OILRC, and ONTC Pension subject to contract finalization, in progress.
- Supported and worked with Legal Branch and Cash Management to implement enhanced interest on bank balances with select banks thereby contributing to higher returns on the OFA's cash reserves.
- Continue to engage with provincial and federal counterparts on treasury and cash management program issues throughout the year. Hosted a Federal/Provincial/Territorial Treasury Round Table meeting to discuss jurisdictional banking issues/development.

- Continued to provide timely and efficient settlement and payment services in managing the Provincial and OEFC debt portfolios and Non-Utility Generator (NUG) power purchase contracts.
- Continued to work with MOF, MGCS and Treasury Board Secretariat (TBS) in advancing the OFA initiative to move pension plan assets that are currently part of the Consolidated Revenue Fund into more appropriate asset management structures that have the potential to release up to $50 million in annualized savings.
- Continued to work with Deloitte and the other provinces in communicating concerns with the Financial Instruments standard to the Public Sector Accounting Board (PSAB). It appears that PSAB is now seriously considering the development of a hedging option that will address one of the provinces' main concerns.
- Continued to provide accurate agency financial statements, as well as reported provincial debt, derivatives and investments in accordance with strict legislated timelines. As in past years, the OFA's 2016–17 Financial Statements received an unqualified opinion from the Office of the Auditor General. The Auditor General's annual review of the OFA's financial reporting of the Province's debt and IOD presented in the 2016–17 Public Accounts continued to be free of material issues.
- The OFA continued to be part of the Infrastructure Development Leadership Council, a high level government committee that recommends delivery methodology for all infrastructure projects over $100 million.

5. *Advise on and implement corporate and electricity finance projects and policies*

- Advised on capital projects and financing options for ministries and public sector entities.
- Continued the review of business cases for OFA borrowing requests from public bodies including a number of Ontario colleges, universities and corporations, expected to result in a total of $400 million in new long-term loans. Loan program annual savings are estimated to be at least $29 million per year for a total of approximately $260 million in cumulative savings to date.
- Continued to provide advice on municipal debt issuance and investment activities, including the expansion of the Prudent Investor standard to other large municipalities and on the Ministry of Municipal Affairs and Housing new municipal revenue tools strategy.
- Monitored terms and conditions of loans and loan guarantees and reviewed proposals and provided advice to the Deputy Minister and the Minister on proposed options to amend the loan guarantees and associated loan and contracts.
- Provided analysis and advice on the Province's investment in the Ontario Venture Capital Fund, the Northleaf Venture Catalyst Fund, Ontario Emerging Technologies Fund and the ScaleUp Ventures Fund. The CEO serves on the Board of Directors, and is a Vice-Chair of the Ontario Capital Growth Corporation (OCGC), which manages the Province's interests in these four funds.
- Provided analysis and advice to the MOECC on the establishment of a new climate change agency tasked with the implementation of the ministry's carbon reduction programs.
- Advised on and reviewed proposed contingent liabilities and indemnity agreements put forward by ministries and public bodies that would increase the indebtedness of the Province, including contingent liabilities and indemnities for major infrastructure projects, accommodation leases or broader public sector borrowing.
- Provided analysis and advice to the MOECC on the design of the Province's cap and trade auction program as well as the procurement of a financial services provider to the WCI Inc. to provide administrative support to that program.
- Providing analysis and advice on the application of Section 28 of the *Financial Administration Act* to contracts entered into by public entities that would increase the indebtedness or contingent liabilities of the Province.
- Led the development of a new protocol for the sharing of powers and responsibilities under Section 28 of the *Financial Administration Act* between the Minister of Finance and the President of Treasury Board.

- Provided advice on terms and conditions of MOF loan to the Financial Services Regulatory Authority (FSRA) to cover its start-up costs.
- Provided advice on MOF's Government Business Enterprise Division (GBED) loans to US Steel Canada (Stelco) to support its corporate restructuring costs.
- Worked with the MOF's Cannabis Retail Implementation Project Division and IO and provided analysis and advice on the provision of an OFA loan to the Ontario Cannabis Retail Corporation (OCRC) to cover its start-up costs.
- Provided advice to the Ministry of Advanced Education and Skills Development (MAESD) on its greenhouse gas reduction program to colleges and universities supporting OFA loans to implement campus energy retrofit projects.
- Provided analysis and advice in support of the Ministry of Energy moving forward with the Province's final secondary offering of Hydro One common shares, executed in May 2017.
- Provided advice alongside MOF to help facilitate the sale of Hydro One common shares to First Nations in Ontario in December 2017 – in support of broadening the ownership of Hydro One by the Province.
- As part of the government's asset optimization initiative, worked with Infrastructure Ontario and other areas of government, provided analysis and advice in support of unlocking the value of the Province's real estate assets, including the sale of OPG headquarters properties in April 2017, OPG's Lakeview property, and Seaton lands.
- Provided policy analysis and advice on the Trillium Trust, including on designating net revenue gains from qualifying assets and on the framework for making disbursements from the Trillium Trust to receiving ministries in support of public infrastructure investments.
- Provided financial analysis and advice on continuous management and implementation of the commercial agreement with Borealis/Teranet for the electronic land registry system.
- CEO served on the Assistant Deputy Ministers' review committee of the Jobs and Prosperity Fund.
- Provided analysis, advice, and the fiscal impact of the electricity sector and asset optimization initiatives for the Province's annual Budget, Fall Statement, Public Accounts and quarterly finances.
- Supported electricity policies and initiatives, focusing on potential fiscal, financial, and economic impacts on the Province and OEFC, including analysis and advice to support implementation and expansion of the Industrial Electricity Incentive (IEI); expanding the Industrial Conservation Initiative (ICI); implementation of the Northern Industrial Electricity Rate (NIER) program and its review process, ongoing implementation of the Ontario Fair Hydro Plan Act, 2017 ("Fair Hydro Act"), the rebate for residential, small business and farm electricity bills of an amount equal to the eight per cent provincial portion of the Harmonized Sales Tax (HST) or the Ontario Rebate for Electricity Consumers (OREC) and refinancing a portion of the Global Adjustment; and providing analysis and advice on the unfunded liability of OEFC.
- Provided analysis and advice on proposed new loans facilities and continued to implement new and existing loan agreements between OEFC and OPG for general corporate purposes and related to supply projects, and refinancing debt maturities.
- Renewed and expanded credit facilities between OFA and the Independent Electricity System Operator (IESO) for liquidity purposes, including as required for the IESO to implement its obligations under the Fair Hydro Act.
- Continued to implement the Aboriginal Loan Guarantee Program (ALGP) to facilitate Aboriginal equity participation in renewable energy and transmission projects. As of December 31, 2017, nine guarantees totalling approximately $250 million have been approved under the ALGP. All applications are reviewed in conjunction with one or more third party due diligence providers.
- Continued to implement the ONFA, including monitoring the segregated fund values, monitoring OPG's implementation of its 2017 Reference Plan, reviewing for approval OPG's ONFA Annual Budget submissions and disbursement eligibility and requests, monitoring the provincial guarantee provided under ONFA to the end of 2017 to the Canadian Nuclear Safety Commission (CNSC) and the ONFA access agreement with the CNSC as part of OPG's financial guarantee requirement to the

CNSC, and providing analysis and advice in respect of OPG's submission to the CNSC for its financial guarantee for the 2018–2022 period.

- Provided analysis and advice on electricity supply initiatives, including nuclear refurbishments.
- Provided continuous support on discussions related to developing infrastructure and projects in the Ring of Fire.
- Provided analysis and advice on policies to support the consolidation of Ontario's electricity Local Distribution Company sector.

6. *Ensure the successful execution of the OFA's decentralized Business Continuity Plan (BCP)*

- Reviewed and updated the Corporate BCP Framework.
- Business Units conducted monthly tests, ensuring their respective plans are reviewed and updated.
- Carried out two corporate-wide BCP test exercises, and implemented improvements to the Plan based on the results of these tests.
- Reviewed corporate BCP Command and Support Team membership.

2018–21 OBJECTIVES

Key objectives for 2018–21 include the following, as set out in the OFA's mandate letter from the Minister of Finance, delivered on October 3, 2017:

1. Execute the Province's borrowing program
2. Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook
3. Manage key financial relationships
4. Provide services related to cash management, banking, settlement, payment, financial and reporting, and client services
5. Advise on and implement corporate and electricity finance projects and policies

In addition to the foregoing, the OFA has also identified the following additional key objective:

6. Ensure the successful execution of the OFA's decentralized Business Continuity Plan

Total Revenues and Expenditures

(in thousands of dollars)	2017–18		Forecasts*		
	Budgeted	**Interim Forecast**	**2018-19**	**2019-20**	**2020-21**
Total Revenue	30,804	30,946	31,472	30,809	30,650
Total Expenditure	27,499	27,460	27,981	27,498	27,518
Net Income	**3,305**	**3,486**	**3,491**	**3,311**	**3,132**

Further detail can be found in the Financial Budget contained in this plan.

*Forecasts represent the submission through the 2018–19 Program Review, Renewal & Transformation (PRRT) process to Treasury Board and are subject to Treasury Board approval. Preliminary indications are that the OFA's request for 2018-19 is likely to be approved, however, the allocations for the two out years will revert back to the 2017-18 approvals. Based on current compensation levels, unless additional budgetary relief is approved in next year's PRRT, the OFA may encounter salary and wage pressures in 2020-21.

MANDATE AND GOVERNING LEGISLATION

The Ontario Financing Authority (OFA) is a Provincial Crown agency established by the *Capital Investment Plan Act, 1993* (CIPA). CIPA sets out the objectives of the OFA. The OFA:

- conducts borrowing and investment for the Province of Ontario and manages the Provincial debt;
- provides cash management and other financial services for the Province;
- advises ministries, Crown agencies, and other public bodies on financial matters; and
- assists Crown agencies and other public bodies to borrow and invest money through external sources or through the OFA.

The OFA also provides a broad range of financial services to the Ontario Electricity Financial Corporation (OEFC) and Ontario Infrastructure and Lands Corporation (Infrastructure Ontario or OILC).

The FAA also sets out certain financial powers which OFA employees exercise on behalf of the Minister of Finance to carry out the Province's borrowing, manage the Province's debt and invest its liquid reserves.

OVERVIEW OF CURRENT AND FUTURE PROGRAM AND ACTIVITIES AND IMPLEMENTATION PLAN: 2018–21

Activities will focus on supporting the following strategic directions:

1. *Execute the Province's borrowing program*

Overview

The OFA endeavours to ensure that borrowing by the Province and OEFC is cost-effective. Total long-term public borrowing is forecast at $32.2 billion in 2018–19 and $37.8 billion in 2019–20. This year's objectives may be challenging to implement due to the state of the global economy/market and the resource constraints within which the OFA is operating. Furthermore, borrowing blackouts can limit the amount of time in which the OFA can access the market. Other challenges include:

- high amount of borrowing required for the Province, including the amount that will have to be undertaken outside Canada;
- competition in the markets from other large domestic and international borrowers;
- evolving regulatory requirements such as Basel III, Dodd-Frank and EMIR that continue to make hedging of foreign debt more expensive and a challenge to execute in the size required by the Province;
- potential challenges for Ontario's credit rating. A downgrade may result in borrowing costs increasing; and
- management of downgrading or failure of counterparties, and continued implementation of collateralized swaps to mitigate credit risk.

Implementation Plan

- Develop the annual Financing, Debt & Electricity Management Plans for OFA Board approval and transmission to the Minister. These plans provide detail on the borrowing program, including term structure and diversification objectives, as well as investor relations, liquidity, floating rate, foreign exchange and credit risk strategies, as well as outline major risks and risk mitigation strategies.
- Meet the Province's funding requirements, anticipated to average about $35 billion annually for the business plan period, in a cost-effective and prudent manner.
- Manage the Ontario Savings Bond campaign.
- Continue to monitor the Green Bond market to identify future issuance opportunities under its Green Bond Program.

2. *Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook*

Overview

The OFA manages the debt and liquid reserve portfolios, as well as centralized/segregated investment funds, for various public bodies, and jointly manages the Ontario Nuclear Funds with OPG. Financial risks associated with capital market activities are mitigated by adhering to prudent risk management policies which minimize financial risk by ensuring exposures and losses remain within approved limits. Risk management policies and program exposure limits are reviewed and approved by the OFA Board of Directors on an annual basis. The OFA also contributes IOD, borrowing, debt management and total and net debt objectives, and electricity sector fiscal impact projections to the Budget, Fall Statement and other quarterly financial updates.

Implementation Plan

- Generate savings from liquid reserve investment activities within prudent risk exposure limits, as well as centralized/segregated investment funds, for various public bodies. Manage ONFA-related investments, working together with OPG.
- Ensure interest rate, foreign exchange and credit exposures are within approved policy limits.
- Contribute to the Province's annual Budget, Fall Statement and quarterly finances, including the electricity sector outlook; advise on the potential impact of initiatives on IOD, total and net debt and the net debt-to-GDP ratio, borrowing objectives, credit ratings and financial markets' reactions. Continue playing an important role in the development of the Province's annual Budget and quarterly statements through the provision of timely and accurate financial information, and preparation of the Borrowing and Debt Management section of the Budget and Fall Economic Statement.
- Review and refine the new methodology based on assessing individual debt issues by tenor, to measure the performance of the borrowing program.
- Continue to implement applicable changes as per financial and regulatory reform requirements including evolving effects from Basel III, EMIR and Dodd-Frank. These regulations are expected to continue to make the OFA's hedging process more complex. Hedging may also continue to become more expensive if proposals such as financial transaction taxes or mark-to-market derivatives taxes are legislated and implemented in Europe or the United States.

3. *Manage key financial relationships*

Overview

The OFA ensures investors and the financial community in Canada and abroad receive financial updates on a timely basis to make informed decisions about Province of Ontario debt securities. Investor Relations activities support borrowing program objectives by maintaining and broadening the Province's investor base. The OFA also ensures credit rating agencies understand government policies, budget, and fiscal performance, properly reflecting these factors in their reports and rating decisions.

The OFA manages the government's relationships with financial institutions, primarily the major Canadian and global banks, their investment dealer subsidiaries, and custodial and fiscal agents. This involves the acquisition and oversight of cost-effective products and services for the Province and certain Crown corporations.

Implementation Plan

- Support the Province's borrowing program by building and maintaining relationships with investors in existing and new markets. Provide Investor Relations information products, including updates to the OFA website, on a timely basis.
- Maintain close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status, priorities, and initiatives.
- Manage Ontario's relationships with banks, financial service providers and investment dealers.
- Complete regulatory filings with the U.S. Securities & Exchange Commission (SEC), United Kingdom Listing Authority (UKLA), Luxembourg Stock Exchange (LuxSE), Australian Securities Exchange (ASX) and any other applicable securities regulator. Conduct due diligence conference calls, as required, with the dealers and underwriters of the Province's debt securities offerings and their legal counsel.
- Implement and maintain collateralized swap agreements with bank counterparties to limit potential financial losses as a result of a credit event.

- Manage changes in financial and regulatory reform, liaising with regulators and legal counsel, as required.

4. *Provide services related to cash management, banking, settlement, payment and financial and reporting*

Overview

The OFA provides centralized banking and cash management services to the Province. The effective provision of these services allows for the efficient delivery of provincial services and contributes towards minimizing IOD expenditures. The OFA is responsible for settlements, payments and accounting/reporting functions associated with the Province's and OEFC's debt management programs, as well as agency financial reporting.

Implementation Plan

- Identify and implement effective treasury solutions for the Province and client agencies.
- Ensure that the Province has sufficient cash available at all times to meet its financial obligations.
- While compliance with PCI Data Security Standards is now in its sustainment phase, the OFA will continue to work with the other OPS stakeholders and the credit/debit card acquirer to ensure that the mandatory external reviews continue to report that the Province is in compliance with all applicable PCI data security standards which are reviewed and updated periodically by the PCI Council.
- Continue to work with TD Merchant Services, the Province's card acquirer, to explore options for the Province to begin accepting new value-added card products and technology.
- Continue to work with the Ministry of Community and Social Services on refining the reloadable payment card as a more efficient payment mechanism for unbanked benefit recipients under the Ontario Disability Support Program.
- Continue to advise ministries and agencies on the banking and cash management components of new banking solutions, as well as on government initiatives including modernization and suitable banking options, along with associated legal and regulatory aspects.
- Continue to collaborate with industry associations and provincial and federal jurisdictions on modernization initiatives and issues unique to the public sector.
- Continue the delivery of timely and accurate settlement/payment services for the Province and OEFC, including OEFC power supply contract settlements.
- Continue to work with the Ontario Pension Board, MOF Income Security and Pension Policy Division and TBS on the first phase of regularizing the management of various pension plans whose assets reside in the Consolidated Revenue Fund. This is a very complex project that requires assent from Ontario judges and is moving ahead slowly; however, it is anticipated that the regulated portion of the assets of the Judges' Pension Plan will be moved to IMCO in 2018-19 with resultant IOD savings.
- Provide timely and reliable net debt and total debt estimates for the 2018 Annual Budget and the Province's quarterly reports during the fiscal year including for the Fall Statement.
- Continue to provide timely and accurate financial reporting for the Province on debt, derivatives and investments. Continue to provide timely and accurate agency financial statements that pass the scrutiny of the OFA Board and the Office of the Auditor General.
- Work with the Office of the Auditor General in their proposed value for money audit of borrowing and debt management.
- Continue to work with the Office of the Provincial Controller on providing feedback on Chapter 2 of the Annual Report of the Auditor General of Ontario that deals with Ontario's Public Accounts.
- Continue to monitor and assess any new accounting developments of the International Public Sector Accounting Standards Board, the Financial Accounting Standards Board in the U.S., the Accounting

Standards Board and the PSAB of the Chartered Professional Accountants of Canada that affect reporting for the Province and its agencies.

- Assuming PSAB follows through on its preliminary proposal to develop a hedging option in the Financial Instruments standard, work closely with PSAB and the other provinces with the help of Deloitte in providing value-added contribution to this project. Continue to communicate the other concerns of the provinces' to PSAB. Continue to liaise with the Office of the Provincial Controller and, where required, the Office of the Auditor General of Ontario in communicating with PSAB.

5. *Advise on and implement corporate and electricity finance projects and policies*

Overview

The OFA provides financial modelling, analysis and advice to the Ministry of Finance, other ministries, OEFC, Crown agencies, and other public bodies, on financial policies and projects, electricity sector policies and initiatives, and borrowing from capital markets. The OFA also provides assistance in structuring and completing financial transactions, and securing and using private sector financial advisers. The OFA is the policy lead for the Trillium Trust and will also continue to work with the Ministry of Finance, other ministries, and Infrastructure Ontario on on-going asset optimization initiatives, including unlocking the value of certain real estate assets, and, for designated assets, the dedication of net revenue gains to the Trillium Trust.

The OFA will also continue to support and facilitate the implementation of a number of other government initiatives, including the Cap and Trade Program, and investing in Ontario's venture capital sector.

Implementation Plan

- Provide analysis and advice on business cases and other financing proposals. Develop the structure and negotiate the detailed terms and conditions of transactions to minimize costs and best meet market expectations.
- Provide advice on cost-effective borrowing, investing and risk management by public bodies.
- Provide advice on transactions requiring a provincial guarantee or those that may otherwise increase the indebtedness or contingent liabilities of Ontario.
- Develop interest rate and other borrowing, investing and risk management policies, and advise ministries, agencies and public bodies on interest rates and other financing issues.
- Support initiatives for Ontario's various industry sectors.
- Provide continued support for the government initiative on OFA loans to public bodies.
- Provide support to the government on Ministry of Finance loans and loan guarantees as required.
- Continue to provide advice to ministries, Crown agencies and other public bodies on financing, loan structuring and credit enhancement strategies.
- Provide advice as required on evaluating the Province's assets, including investments in its business enterprises, and analysis and advice on asset optimization to enhance efficiency and maximize value.
- Provide policy and financial analysis, and modelling support, as required, for electricity policies and initiatives that could have fiscal, financial and/or economic implications for the Province and/or OEFC, including the following:
  - Ongoing implementation of the Fair Hydro Act, including refinancing a portion of the global adjustment, and *The Ontario Rebate for Electricity Consumers Act, 2016.*
  - Ongoing implementation of the Industrial Electricity Incentive program.
  - Ongoing implementation of the NIER program.
  - Expanding the Industrial Conservation Initiative.
  - Electricity supply and conservation initiatives.

- Provide financial due diligence and advice to the Minister of Finance on applications received under the ALGP.
- Monitor and provide electricity sector fiscal and financial projections for the Province and OEFC, including analysis and advice to the Minister of Finance on the stranded debt, as well as continued reporting on OEFC's revenue sources (e.g. payments in lieu of taxes, the gross revenue charge) and expenses (e.g. IOD).
- Provide analysis and advice to support the effective administration of ONFA and other initiatives related to nuclear liabilities, including monitoring and reviewing OPG's implementation of its ONFA Reference Plan as updated from time-to-time, approval of yearly ONFA budgets including investment related expenses, and monitoring the value of ONFA funds to ensure that it continues to satisfy CNSC's financial guarantee requirement for the 2018–2022 period.
- Provide analysis and advice on nuclear supply, financing and cost recovery issues, including for nuclear refurbishments.
- Continue to monitor, review and support policy discussions on developing the Ring-of-Fire.
- Continue to work closely with staff at the Ministry of Research Innovation and Science and OCGC on approaches for managing the Province's investment in the Ontario venture capital sector. Support the CEO's role as Vice Chair of the OCGC Board.
- Provide analysis and due diligence related to applications to the Jobs and Prosperity Fund and relevant Eastern Ontario Development Fund and Southwestern Ontario Development Fund applications.
- Continue to support the government's asset optimization initiative by providing financial analysis and advice, and dedication of net revenue gains from these transactions to the Trillium Trust to support investments in infrastructure.
- Provide coordination and oversight of certain real estate asset optimization initiatives, such as, the divestment of the Seaton lands.
- Provide policy analysis and advice with respect to the Trillium Trust to help support investments in transit, transportation and other priority infrastructure.

6. *Ensure the successful activation of OFA's decentralized Business Continuity Plan (BCP).*

Overview

The BCP remains in place and is updated as required to be successfully activated so staff can complete critical time-sensitive tasks in the event of a business disruption.

Implementation Plan

- Review and update the Corporate BCP Framework.
- Review and update Business Unit plans.
- Plan and conduct corporate-wide BCP test exercises.
- Review corporate BCP Command and Support Team membership.

Implementation of the above strategic directions will require regulatory compliance and reliable information technology.

RISK IDENTIFICATION AND ASSESSMENT

Accountability	Risk Assessment	
P Primary	L Low	H High
X Additional	M Medium	EH Extremely High

Summary Table

Risk Assessment Summary		Accountable Business Division						Risk Assessment		
		Capital Markets	Corporate & Electricity Finance	Finance and Treasury	Legal	Risk Control	Strategic Corporate Services	Likelihood	Impact	Overall Assessment
Strategic Risks	Strategic / Policy Risk	P	X			X		L	EH	**H**
	Meeting Stakeholder Expectations	P		X				M	EH	**H**
	Public Image	P		X				L	H	**M**
	Quality of Relationship with Stakeholders	P		X		X		L	H	**M**
Accountability / Governance	Governance, Information, and Regulatory Compliance	X		P	X			L	H	**M**
	Risk and Issue Management			X		P	X	L	EH	**M**
	Statutory Requirements are met				P			L	H	**M**
	Reliability of Financial Systems			P				L	H	**M**
Operational	An economic slowdown straining the fiscal plan, thus affecting the borrowing program	P						M	H	**H**
	Financial Market Risk	X				P		M	H	**H**
	Inability to complete the borrowing program due to market breakdown or loss of faith in the Province's ability to repay debt	P						L	EH	**H**
	Risk of credit rating downgrade	X				P		M	H	**H**
	Credit Risk	X				P		L	H	**M**
	Electricity related policy, price and other risk		P					M	M	**M**
	Operational, including systems, internal control, and reputation risks	X	X	X	X	X	P	L	H	**M**
	Service Providers (e.g. custodians, fiscal agents, banks, etc.)			P				L	M	**L**
	Low investment returns or inadequate investment controls on nuclear funds	P						M	H	**H**
	Default on Loans to Public Bodies		P					L	L	**L**
	Default on Guarantees under the ALGP		P					L	L	**L**
	Increased borrowing to fund loans to public bodies		P					L	L	**L**
	Government Cost Constraints			P				M	H	**H**
Workforce	Employee Fraud			P				L	M	**L**
	Human Resource Risk	P	P	P	P	P	X	M	EH	**H**
Information Technology and Infrastructure	Privacy and Security						P	L	M	**L**
	Business Continuity						P	L	H	**M**
	Procurement			X			P	M	M	**M**

Risk Identification, Assessment, Mitigation Strategies
The following section identifies potential risks that could impact the entire organization in its ability to successfully deliver its programs and activities on behalf of the Province.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Risk Category: STRATEGIC **RISK AREA: Strategic:** Risks related to implementing (or not implementing) new policies or changes to existing policies (e.g., misalignment of agency policies with those of the OPS). The risk that strategies and policies will fail to achieve required/targeted results. The risk of failing to provide value for money or cost-effectiveness. This can include existing policies that may be affected by changes in systemic and external factors including the economy, technology, climate change and political environment.					
Strategic/ Policy Risk Primary Accountability: Capital Markets Division	Strategies and policies fail to achieve required results. Prime examples are failing to meet the borrowing requirements and failures in implementing core risk management strategies.	LOW Past experience indicates that the likelihood of major strategic failures is relatively **low** as they cannot always be eliminated. There are elements of borrowing and risk management which are outside the Province's control which can negatively impact required results. For example, financial conditions could result in higher interest costs or interest rate risk than anticipated or refinancing risk in future years may be much higher than desired if investor demand for longer term bonds is substantially reduced.	EXTREMELY HIGH The financial consequences of strategic failures in borrowing or risk management strategies and associated policies can be **extremely high**, and the annual Financing, Debt & Electricity Management Plan outlines strategies which attempt to address the challenges, including contingencies for unexpected events. In addition, management monitors major market and policy developments throughout the year very closely and will develop and implement new strategies and policies if conditions warrant. Even though the likelihood of major strategic failures is low, the impact remains extremely high resulting in an overall high risk assessment.	HIGH	Strategic plans and policies to mitigate strategic and policy risk are initially developed and implemented in a thorough manner as outlined in the OFA's annual Financing, Debt & Electricity Management Plan ("the Plan"). This includes an analysis of risk factors and contingency plans. The Plan is approved by the respective Boards (OFA and OEFC) and receives input from Board members. Market conditions and policy developments are monitored on a continual basis throughout the year to identify new and emerging developments which could impact strategic and/or policy risks. Existing control strategies are modified as required to mitigate adverse developments. Procedures are in place to ensure that staff are aware of relevant policies. Policy violations are rare, and a robust control framework exists to identify violations quickly. Most violations would not have a large enough impact to threaten achieving required strategic results.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Meeting stakeholder expectations Primary Accountability: Capital Markets Division	The risk that the OFA may fail to meet stakeholder expectations, including those of the Province and other public bodies. Stakeholder expectations include strategic/policy risk factors as well as the risk of failing to meet performance benchmarks.	MEDIUM There is a **medium** likelihood of failure to meet stakeholder expectations and performance benchmarks. Market factors tend to be relatively unpredictable and many factors are out of OFA's control. The current environment of expanding service requirements and constrained resources adds some risk; however, it is expected to be minimal. Based on past experience, it is expected that most stakeholder expectations will be met.	EXTREMELY HIGH Given that the impact of not meeting stakeholder expectations can be **extremely high**, combined with a medium likelihood the net result is a high risk assessment. The impact of a one percentage point increase in yields was estimated to be $300 million for 2017–18. Although the OFA has been able to extend the borrowing term in recent years, interest rate risk will remain elevated for several years. Continuous communication with the Deputy Minister and Minister ensures that expectations for the Province are clearly understood. Commitments are made after thorough and careful analysis to ensure that resources and expertise are in place to meet those expectations. Close and continuous communication and meetings with relevant public bodies (e.g. Agencies) who use our services ensures that expectations and service requirements are clearly understood. In addition, formal service level agreements (e.g. investment management agreements) have been developed which clearly outline the services and benchmark performance standards.	HIGH	An analysis of risk factors and contingencies is included in the OFA's annual Financing, Debt & Electricity Management Plan. This analysis is revisited throughout the year. Given the relatively unpredictable nature of market factors, ongoing monitoring of market and policy factors provides a level of risk mitigation. Continuous dialogue with stakeholders and regular reporting are also useful in keeping abreast of both expectations and performance. Emerging issues which may affect expectations are identified and are regularly reported to the Deputy/Chair as well as the Board (OFA and OEFC). This provides greater assurance that expectations will be met or managed through approved mitigation strategies. Meeting performance benchmarks for the Province and other public bodies also depends on adequate resources being available to maximize performance. This includes information systems services, and most importantly, staff. A highly educated and experienced workforce provides a higher likelihood that stakeholder expectations will be met. The OFA works to attract and retain highly qualified staff.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Public image Primary Accountability: Capital Markets Division	The risk that the OFA may damage its reputation with stakeholders and third party service providers.	LOW The likelihood of reputational risk to the OFA is **low.** There are extensive policies to govern staff conduct including, with respect to conflicts of interest, procurement and workplace harassment. In addition, procedures are in place to ensure that staff are aware of all policies. There are also regular reporting requirements and internal controls to reduce the potential for policy violations. Dealings with the press are handled through official MOF communication staff and investor and other stakeholder information is handled with extreme care. Accordingly, the likelihood of reputational risk problems with stakeholders and service providers is **low**, although mistakes can happen and there are certain factors which the OFA cannot control.	HIGH The impact of image problems can be **high** which combined with a low likelihood results in an overall medium risk assessment.	MEDIUM	Public image risk is mitigated through a host of strategies: i) a strong policy framework to provide greater information to staff to make them aware of potential public image problems; ii) strong internal controls to reduce the risk of policy violations and adverse information releases; iii) public communication protocols to reduce the risk of incorrect and damaging information releases; iv) an investor relations program which is responsive to investor needs and responds to investor requests for information promptly; v) ongoing dialogue with dealers to keep abreast of information in the marketplace relating to both Ontario and the OFA; and vi) a management structure and culture which promotes security of information and extreme care in disclosing information in a public forum. Strategies iii-v involve constant communication with external stakeholders. This feedback loop provides the OFA with a method of assessing the organization's public image. The OFA has a comprehensive procurement policy that ensures that its suppliers and service providers are selected in a fair manner. When appropriate, the OFA requires that service providers obtain security clearance. OFA contracts with service providers address confidentiality and contract precedents generally require approval before a contractor may use its association with the OFA for any purpose. All substantive contracts that Capital Markets enters into in the name of the OFA must be reviewed by the OFA Legal Branch. All substantive contracts that Capital Markets enters

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					into in the name of the Province, must be reviewed by MOF Legal.
Quality of relationship with stakeholders Primary Accountability: Capital Markets Division	The risk that the OFA's stakeholder relationships are poorly managed. Stakeholders relevant to this risk are investors, dealers, credit rating agencies, and employees.	LOW The likelihood of failure managing OFA's stakeholder relationships is **low** as the OFA strives to deal with all of its stakeholders in a fair, transparent and responsive manner.	HIGH The quality of the business relationships with stakeholders that the OFA is engaged in such as investors, dealers, credit rating agencies and employees can have a **high** impact on the success and cost of OFA activities. However, the likelihood of failure in these activities is relatively low which results in an overall medium risk assessment.	MEDIUM	The OFA provides relevant, non-confidential information to investors in a fair and transparent manner, including information pertaining to the Budget and quarterly finances. Confidential information is handled in a manner consistent with laws and regulations, such as the *Public Services Ontario Act, 2006* and the *Securities Act, 1990*. The annual Investor Relations Plan is developed each year with the goal of providing updates to investors, both domestic and international, on a regular basis through outreach and information products. Requests for information or meetings from investors are responded to very promptly. The quality of the Province's relationships with stakeholders is constantly monitored. Should the strategies in the annual Investor Relations Plan fail to achieve the desired relationship levels, the OFA can choose to engage additional financial dealers or more senior Ministry of Finance representatives to participate in its investor outreach activities. Dealers are utilized in a fair and objective manner for bond issues. A syndicate evaluation is used to rank domestic dealers objectively, and commissions for domestic bond issues are based on this annual evaluation. Dealers thus know the OFA's service priorities and understand their bond issue allocations for the year. International issues also utilize dealers based on their level of service and strengths they bring to particular markets and issuance opportunities. The OFA continuously communicates with its dealers and also has regular

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					meetings with them, and thus relationship issues tend to be dealt with quickly. Given the high importance of Ontario's credit ratings to its borrowing program, the OFA has very well established relationships with the credit ratings agencies. The OFA has regular meetings with the agencies, responds promptly to requests for information, and facilitates participation of more specialized or senior government officials as required. See Workforce Risk Category for discussion of mitigation strategies for risks related to employees as stakeholders.
Risk Category: ACCOUNTABILITY / GOVERNANCE **Governance/ Accountability/ Organizational Risk**: Risk that the organizational structure, accountabilities or responsibilities are not defined, designed, communicated or implemented to meet the organization's objectives, and/or that culture and management commitments do not support the formal structures. Risk of conflict of interest for board members. Inadequate ethics / codes of conduct. Inadequate definitions of roles and responsibilities. Risk of failure to comply with administrative requirements, such as directives. **Legal/ Contractual Compliance Risk:** Risk related to the potential cost of complying with a contractual agreement, or of litigation (including established policy and procedure) against the agency or government. Risk that a government initiative or action will contravene a contract, Memorandum of Understanding or policy. The costs/risks related to changing legislation could include lawsuits, settlements, fines, penalties and legal fees. Risk of failure to comply with administrative requirements such as directives.					
Governance, Information and Regulatory Compliance Primary Accountability: Finance and Treasury Division	The risk that oversight and governance responsibilities are not clearly defined; the risk that internal and external information produced or used is incomplete, out-of-date, inaccurate, irrelevant or inappropriately disclosed.	LOW The likelihood of failing in this area is **low**. Various policies and procedures define roles and responsibilities required for effective governance, including oversight by the OFA Board, chaired by the Deputy Minister of Finance, and largely comprised of independent, external	HIGH The impact of failing in this area is **high;** however, combined with the low likelihood of this happening results in a medium risk assessment	MEDIUM	Regular and special meetings of the OFA Board and its Committees, comprised of the Audit and Risk Management Committee (ARMC), Human Resources and Governance Committee (HRGC) and the ONFA Investment Committees (ONFA IC). The Deputy Minister of Finance is, pursuant to CIPA, the Chair of the OFA Board, which, along with a written memorandum of understanding between the Minister and the OFA, establishes a

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Secondary Accountability: Capital Markets Division		members; and reporting requirements to the Minister of Finance. Furthermore, the audits by Internal Audit Division that cycle over all major functions of the OFA include a review of the associated policies and procedures and to date no material gaps have been identified. All audit recommendations are presented to the OFA ARMC and addressed within reasonable timeframes.			clear governance framework for OFA management and accountability to the Minister of Finance. The OFA uses secure communication procedures with internal and external parties; it also undertakes effective oversight of service providers, reconciliation processes, stringent disclosure policies, staff learning and development, and timely filing of regulatory reports.
Risk and issue management Primary Accountability: Risk Control Division Secondary Accountability: Finance and Treasury Division	The risk that the OFA may not effectively manage and mitigate financial risks including fraud risk.	LOW A review process established at the OFA that includes daily compliance monitoring, division of responsibilities, and a highly-developed and rehearsed response plan for emergencies results in a **low** likelihood.	EXTREMELY HIGH The OFA is a major participant in capital markets and has extensive dealings with banks on behalf of the Ontario government. As a result, the potential impact for errors and omissions is **extremely high** given the associated high dollar value**.** The extensive mitigation strategies employed by the OFA however, reduce the overall assessed risk to Medium.	MEDIUM	Financial risks associated with the OFA capital market activities are managed through the OFA risk management framework, which includes policies, each one of which is updated, reviewed by the Ontario Internal Audit Division (OIAD) and approved by the Board on an annual basis. Compliance with policies is monitored through a daily reporting cycle including where applicable on a real time basis, and credit risks are also monitored in real time. Fraud: Division of responsibilities between divisions to create a separate front, middle and back office for capital markets transactions and appropriate separation of duties and signing authorizations within divisions reduce risk of fraud. All staff are encouraged to report any wrongdoing at all times and senior management is asked to confirm quarterly whether they are aware of any wrongdoing.

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					Issues management: In addition to a monthly Capital Markets update letter, the CEO also reports on any issues or concerns quarterly to the Board and has regular meetings with the Chair. Division Heads/Directors report quarterly to the Board on their area's progress in achieving the objectives identified under the Annual Business Plan. The OFA's financial statements are prepared and presented on a quarterly basis to the ARMC and the Board. They are also shared with senior staff of the Office of the Auditor General. The OFA provides the IOD, debt and derivative information that is presented in the Public Accounts of the Province. The numbers and the process including the underlying internal controls are audited annually by the Office of the Auditor General. Up to now, no material issues have been identified as part of this audit. OFA prepares issues notes, and feeds into the Ministry's communications branch for issues management and to address contentious issues. The OIAD develops a three year audit plan for the OFA that is updated annually. Audits under this plan, as well as special reviews as and when required provide an overall comfort level. The ARMC conducts in camera sessions with internal audit, staff of the Office of the Auditor General and the OFA's Chief Financial and Risk Officer at each quarterly meeting during which they are free to candidly raise any concerns about overall risk and issues management issues at the OFA. To avoid financial risk resulting from an inability to function during an emergency, the OFA has a

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					highly-developed and rehearsed response plan for emergencies, addressing key risks such as fire, terrorist attack, pandemic or other threat. The work of the OFA can be carried out with all staff working from home. The OFA also maintains a collocate site at a remote location that houses a continuously available, mirrored IT infrastructure. Staff are subject to randomly declared, OFA-wide, work-from-home drills at least annually. OIAD reviews and comments on business continuity test results.
Statutory requirements are met Primary Accountability: Legal Division	Risk of material non-compliance with statutory requirements	LOW The likelihood of material non-compliance is considered **low** because OFA staff have experience and awareness regarding legal compliance in relation to the performance of their jobs. While regulation in some areas (such as in capital markets and the banking and payment card industry) is complex and continues to evolve, program areas have ready access to legal advice.	HIGH Impact is considered **high** since failure to comply with a statutory requirement could negatively affect the reputation of the OFA and the Government. Also, violations relating to capital markets operations could have serious financial implications. Combined with a **low** likelihood, the resulting overall risk assessment is medium.	MEDIUM	Currently, the OFA and Ministry of Finance Legal Branches advise of statutory requirements and changes affecting OFA operations and also are available to advise on steps to effectively address any non-compliance. Information on legal requirements relating to Public Servants is distributed to staff using the Policy and Procedure Management system. Non-compliance with laws, regulations and directives is reported to the Legal Director, who reports it to the CEO and the Board of Directors. CEO/Board direct remedial action (which may include learning and development). Education is encouraged and Divisions budget for necessary learning.
Reliability of financial systems Primary Accountability: Finance and Treasury Division	The risk that the OFA's financial information and reporting system is not reliable or fails to meet quality standards.	LOW The review process that the OFA has established including audits by the Internal Audit Division and the Office of Auditor General of Ontario ensures that the likelihood of occurrence is **low**.	HIGH While the impact of less than reliable financial information is indeed **high**, the low likelihood of this happening results in an overall medium risk assessment.	MEDIUM	The OFA has well-established processes and procedures for monitoring and reporting on its financial performance to its ARMC and Board of Directors and to the Ministry of Finance as well as Treasury Board Secretariat (TBS). OFA financials are prepared on a quarterly basis for discussion, and shared with the staff of the Office of the Auditor General and approval by the ARMC and Board of Directors. In addition the OFA financials are audited

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					annually by the Office of the Auditor General who has provided unqualified opinions on all past financials. Staff of the Office of the Auditor General also audit, on an annual basis, the OFA's work on the Province's debt and IOD. This annual audit includes reviewing the underlying systems and internal controls. Up to now, no material issues have been identified and the OFA has implemented all recommendations arising from this audit. Changes to accounting pronouncements are also addressed during the quarterly discussions with the ARMC and the Office of the Auditor General. Annual budgets and audited financials are submitted to the Ministry as per TBS requirements. A further level of assurance exists as a result of the work carried out by the OIAD. OIAD develops a 3 year audit plan with consultation from Division heads and all findings and recommendations are presented to the ARMC. The OFA's progress in implementing recommendations are also presented on a quarterly basis to the same committee.
Debt and Risk Management Risk Category: OPERATIONAL **RISK AREA:** Program Caseload/ Utilization: Change in demand for services or entitlements or increased claims/case load that can be deferred. Assumes no policy or legislative changes.					
An economic slowdown straining the fiscal plan, thus affecting the borrowing program.	Fiscal strain stemming from a significant economic slowdown would likely result in higher borrowing requirements. This could be experienced as much larger borrowing requirements	MEDIUM The possibility of a major downturn in economic activity or longer term slow economic growth is given a **medium** likelihood due the historical frequency of such events. The last recession	HIGH The impact on the borrowing program will depend in part on the extent of the economic slowdown. A large economic slowdown, perhaps a recession, would have a large impact on the borrowing	HIGH	The Capital Markets Division is in constant contact with external economic experts who provide forecasts and analysis on the Province's economy as well as other major economies around the globe (including Canada's).

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Primary Accountability: Capital Markets Division	over a fairly short time horizon or consistently higher requirements over a longer time period.	occurred in 2008–09. Since then, the Ontario economy has experienced modest growth. However, over the last three years, real GDP growth has accelerated, averaging 2.6 per cent per year. Private sector economists expect continued economic growth, with Ontario remaining a provincial growth leader over the next two years.	program over a couple of years, but persistent sub-par growth would also be painful. The impact on revenues of a one percentage point change in nominal GDP is estimated to be $965 million for 2017–18. The world economy is currently highly reliant on U.S. economic growth and would be at risk if that fades. Given that Ontario's borrowing requirements are already quite large, the impact would likely be high, meaning that interest costs could increase appreciably. One result could be a reduced average term of borrowing to reduce borrowing costs or respond to reduced demand for longer term debt which would increase refinancing and floating rate risk. There could also be pressure to increase foreign exchange or counterparty credit exposures in order to reduce costs. The overall assessment of this risk is high.		In addition, the OFA is provided with a wealth of forecasts and economic insight from the Ministry of Finance. The OFA undertakes its borrowing strategically to reduce the effects of forecasted events and also looks to pre-borrowing to the extent possible. The OFA can also engage with independent experts to provide advice on how to reduce any adverse events that may have an impact on the borrowing program.
Financial market risk Primary Accountability: Risk Control Division	Higher-than- forecast borrowing requirement and/or interest rates, resulting in higher annual IOD charges. Financial loss attributable to changes in interest rates, credit spreads, foreign exchange and liquidity risk.	MEDIUM Higher-than-forecast borrowing requirement and/or interest rates is given a **medium** likelihood due to the historical frequency of interest rate changes, and the current medium-term forecast of provincial borrowing requirements.	HIGH The size of the Province's annual borrowing requirement creates a **high** degree of sensitivity to market conditions, especially interest rates. IOD has generally produced cost savings compared to budget forecasts due to cost effective debt management, as well as interest rates that have been	HIGH	Sound and effective risk management infrastructure, including policies, procedures, risk management reporting, and Information Technology (IT) systems. The OFA uses a conservative risk limited approach to forecasting IOD expenses. This is achieved by using interest rate forecasts provided by the Office of Economic Policy for the two out years and a 20 year interest rate average for the third out year.

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			trending down for about 35 years. This experience may not be expected to continue, so financial market risk is assessed as being high. In the *2017 Budget,* it was estimated that a one percentage point increase in interest rates would have impacted IOD by approximately $300 million for 2017–18.		Accurately measure and assess portfolio exposures and ensure compliance with the related limits as approved by the Board, including foreign exchange and net interest rate resetting exposure limits and IOD. Maximum foreign exchange exposure of five per cent. Maximum net interest rate resetting exposure of 35 per cent. Maximum loss policy on IOD of three per cent of budgeted IOD. The OFA has reduced the sensitivity of IOD to interest rates by extending the term of recent borrowings. It also maintains exposure to foreign currency at levels far below the five per cent limit. While the policy limit for net interest rate resetting exposure is 35 per cent, the annual debt management plan sets out ranges that are usually considerably lower thus further limiting the risk.
Inability to complete the borrowing program due to market breakdown or loss of faith in the Province's ability to repay debt Primary Accountability: Capital Markets Division	Unable to achieve the borrowing program target of a particular fiscal year.	LOW The likelihood of not completing the borrowing program is **low** and would be based on a major market disruption or a major adverse credit situation at the Province. Both events are considered to have a low likelihood.	EXTREMELY HIGH The consequences of a major market disruption or a major adverse credit situation at the Province would obviously be **extremely high**, and thus overall risk is high.	HIGH	The OFA continually monitors demand for its bonds and has a strong relationship with its financial dealers. The OFA is aware, through external forecasts, Ministry of Finance advice, and its own analysis of bond markets, of the faith investors place in its bond offerings. The Capital Markets Division employs financial strategies to reduce the effects of forecasted events. The OFA can also engage with independent experts to provide advice on how to reduce any adverse events that may have an impact on the borrowing program.

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					The OFA has very well established relationships with the credit ratings agencies. The OFA has regular meetings with the agencies, responds promptly to request for information, and facilitates participation of more specialized or senior government officials as required.
Risk of credit rating downgrade Primary Accountability: Risk Control Division	Risk that a credit rating downgrade from a major credit rating agency results in increased costs to borrowing program and/or reduced market access.	MEDIUM The likelihood of a credit rating downgrade is **medium.** The OFA has regular meetings with the agencies, and is regularly advised of rating agency concerns. As a result of these regular meetings with agencies and outperformance of its fiscal targets in recent years, the risk of a credit downgrade is not considered to be high, although debt levels remain high.	HIGH A credit rating downgrade, could reduce the pool of investors able to buy Government of Ontario bonds. As a worst-case, investors might be forced to sell, creating competition for our primary distribution, therefore resulting in a **high** impact for the Province. Note: This risk is assessed as high. The best mitigating strategy, reducing the debt burden is not under the control of the OFA.	HIGH	Maintain close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status priorities, and initiatives. Diversify funding sources. Increase investor relations activities. Ensure that decision-makers at Queen's Park continue to be mindful of the serious consequences of the Province not achieving a balanced budget and continuing to reduce its net debt-to-GDP ratio in accordance with Government commitments.
Credit Risk Primary Accountability: Risk Control Division	Risk that the Province incurs a significant loss because a counterparty or counterparties does/do not meet, or default(s), on their obligations to the Province.	LOW The size of Ontario's borrowing program requires the OFA to be open to borrowing opportunities in a variety of currencies. As the OFA has opted to keep currency risk at very low levels, this requires that hedging transactions be entered into with bank counterparties, creating credit risk. A bank default is considered to be a **low** probability event.	HIGH A bank default would be a **high** impact event, however, the assessment is overall medium as a result of the OFA's implementation of a comprehensive mitigation strategy including collateralized swap agreements and limiting transactions to highly rated counterparties.	MEDIUM	Ensure compliance with a sound and effective credit risk management infrastructure, including: an overarching credit risk policy that is reviewed and approved by the OFA Board on an annual basis, transacting with highly rated counterparties, limiting credit exposure concentration, and ongoing monitoring of key indicators of credit and market conditions. The Province will continue to enter into collateralized swap agreements with more of its swap counterparties to limit its credit risk. Such

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					agreements allow the Province to cap its credit risk by requiring counterparties to post collateral when marked-to-market exposures exceed specific thresholds.
Electricity related policy, price and other risk Primary Accountability: Corporate & Electricity Finance Division	The electricity sector's financial performance affects the government's fiscal position largely through the performance of OPG, Hydro One, municipal electric utilities and the Ontario Electricity Financial Corporation (OEFC), including the latter's interest on debt expense. Their financial performance's impact on the Province can be due to, e.g., the companies' operational performance, regulatory decisions (e.g., OEB rate decisions), and accounting changes (e.g., IFRS provincial consolidation adjustments). As well, performance can be affected by electricity demand and electricity supply factors related to the economy, investment plans, temporary plant shutdowns and weather.	MEDIUM The likelihood of this risk is deemed **medium.** Some factors which could materially affect electricity sector performance such as OEB regulatory decisions and lower/higher demand due to a turnaround in the business cycle are hard to predict. Many performance factors such as policy or accounting decisions tend to be known in advance and potential impacts can be factored into the fiscal plan.	MEDIUM The impact is deemed **medium**. While the electricity sector has a significant fiscal impact, contributing an average $1.7B to the surplus (and helping to pay down electricity sector debt and other liabilities) over the past ten years, it is not large compared to the total size of the Provincial Budget. In any given year, the impact could be more material. For example, in 2015–16 the Hydro One IPO largely accounted for the higher than usual electricity sector surplus of $3.9B. Note that the IPO was planned, so not a surprise risk to the fiscal plan.	MEDIUM	Electricity sector performance, fiscal and policy updates and advice are regularly provided to senior Ministry of Finance officials and government in order to monitor potential electricity sector fiscal impacts over the medium term. Maintain strong working relationships with other Ministry of Finance partners, ministries and agencies.

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	The electricity sector can also affect positively or negatively the fiscal position of the Province, and the borrowing plan, by policy decisions (e.g., ending the Debt Retirement Charge, or price mitigation measures)				
Operational, including systems, internal control and reputation risks Primary Accountability: Strategic Corporate Services Division	Risk from inadequate or failed internal processes and IT systems or from external events. The possibility that internal controls may not safeguard assets or prevent errors or fraud. The risk that negative publicity about the OFA's business practices may lead to financial or reputation costs or litigation.	LOW The likelihood of this risk is deemed **low**. The OFA's mandate and operations in a capital markets environment requires the extensive use of information technology. The fact that the OFA's mandate has also increased over the past years with no corresponding increase in staff resources has also resulted in a dependence on information technology. While this has allowed for efficiencies, this dependence also gives rise to the risk that IT systems may be poorly specified, operate incorrectly, or that the use of combinations of systems may have unintended consequences.	HIGH The financial impact of such risks could be compounded by harm to the OFA's reputation, therefore its impact is deemed **high.** This risk, reduced by the mitigating strategy, is assessed as medium.	MEDIUM	Maintain state-of-the-art IT systems, conduct daily back up, frequent update and testing of BCP involving remote desktop and co-locate. Appropriate documentation and timely reporting; update financial controls based on best practices; continued involvement of Internal Audit in developing new functions and reviewing existing financial policies; ensure oversight of service providers. As part of its annual audit, the Office of the Auditor General issues recommendations on areas where they feel internal controls can be tightened. Monitor print media to identify OFA-specific issues to protect OFA's reputation. Centralized external communication strategy. Early involvement of legal counsel.
Service providers (e.g. custodians, fiscal agents, banks etc.)	Poor service from existing providers and/or lack of qualified service providers.	LOW The likelihood of this risk is deemed **low.** Service providers are selected	MEDIUM	LOW	All existing service providers provide services under a formal contract. Continue to implement and manage existing service providers to ensure compliance with contracts.

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Primary Accountability: Finance and Treasury Division		in compliance with the OFA's Procurement Policy which requires a rigorous open competitive process for procurements of goods valued at or above $25,000 and services at or above $100,000. Competitions include the submission of proposals covering performance standards and measures. Contracts, once implemented, are monitored for service quality.	Consistent internal monitoring ensures a **medium** impact for a low overall risk assessment.		Continue to comply with selection criteria and contract management requirements in OFA Procurement Policy.
Low investment returns or inadequate investment controls on nuclear funds. Primary Accountability: Capital Markets Division	If funds are not properly invested or general financial market returns are low or negative, substantial contributions could be required by one or both of the Province and OPG. In addition, the Province's reputation may be damaged if controls or investment policies deviate from industry best practices.	MEDIUM Prolonged poorer than targeted performance of the nuclear funds over the medium-term is given a **medium** likelihood. The nuclear funds have a very long time horizon and would be expected to have poor returns over some time periods but are required to earn real returns in excess of 3.25 per cent in the long run. The funds have exceeded the 3.25 per cent annualised real return benchmark on average since their inception in 2003, but there is some risk that cumulative average annualised returns may be inadequate in future or that the costs of decommissioning and used fuel disposal could well exceed current projections. Returns will be driven to	HIGH The financial impact of poor performance could be quite substantial and is rated **high** given the size of the funds, and could result in substantial unexpected contributions from one or both of the Province and OPG. The overall risk assessment is high. Given the current size of the funds, a one percentage point decline in annual performance would equate to $170 million in reduced value for the funds, which could affect future funding requirements. Such loss, however, will not translate dollar-to-dollar on the Province's annual statement of operations at consolidation, as the Province's revenue recognition related to the	HIGH	The funds are diversified across asset classes and managers to reduce overall risk. Further diversification is being achieved as the funds move into alternative investments. The funds are also long-lived, and can be adjusted and returns recover over the long term, which result in the recovery of past Provincial contributions to cover investment return shortfalls, if any. In addition, a Statement of Investment Policies and Procedures (SIPP) and Statement of Investment Risk Policies (SIRP) are in place which outline basic policies which to a large extent address many of the risk factors. An extensive asset-liability study is undertaken every five years to attempt to optimize the asset allocation to meet the funds objectives to meet the cost requirements. In addition, the funds are closely monitored by staff and up to the respective Board levels by both the OFA and OPG including, for the OFA, by the ONFA IC. Unfortunately, the risk of sub-par returns cannot be entirely eliminated as it will be largely driven by

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		a large extent by asset allocation and general investment returns in financial markets -- e.g., prolonged poor performance in equity returns or a general decline in the financial markets could be a driver of poor performance. Resourcing for the nuclear funds is relatively tight, although it is considered adequate. The likelihood of inadequate controls on the funds is assessed to be low.	nuclear funds is based on historical cost, not fair value, and some of the impact is also mitigated by OPG's regulatory accounts for the funds related to the Bruce stations, under the Province's current accounting standards. In addition, the reputational impact of underperformance would also be **high**. The overall assessment of inadequate controls is high.		the future market developments. Decommissioning and waste disposal costs and liability risk surprises are largely mitigated by the quinquennial ONFA Reference Plan update. The contribution schedules can be adjusted following a reference plan update to allow for returns in the funds to help cover liability revisions and past target rate of return shortfalls. The funds are audited on a regular basis which reduces the potential for fraud or other control problems. Staff monitor the funds very closely and are looking for irregularities. The internal auditors of both OPG and the OFA are also proactive in examining control issues. The funds rely largely on external managers, and efforts are made to select highly professional managers who follow investment industry best practices.
Default on Loans to Public Bodies Primary Accountability: Corporate & Electricity Finance Division	Risk of default by public bodies on OFA loans	LOW Although the OFA has restructured or provided a loan deferral in the past, this has been relatively rare, so an "unlikely" scenario (less than 20 per cent probability) is reasonable, and its likelihood is rated as **low.** This is aside from the Ottawa Convention Centre (OCC), loan from the OFA which represents less than 1 per cent of the OFA's total loan portfolio). Ministry of Tourism, Culture	LOW Impact of a default may be "noticeable" and public, but loan write-downs to public bodies that are consolidated on the Province's financial statements would likely not create a fiscal impact, and, therefore, its impact is deemed **low** resulting in an overall low risk assessment.	LOW	Prior due diligence and analysis of debt repayment ability of public bodies on OFA loans. Ensure grant (where available) intercept mechanisms continue to be included in loan agreements. Early detection through loan monitoring by line ministry and restructuring of loan repayment terms. MTCS has engaged a consultant to review OCC. The report is expected late in 17–18, with implementation potentially affecting 18–19 and going forward.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
		and Sport (MTCS) has engaged a consultant to review the OCC.			
Default on Guarantees under the Aboriginal Loan Guarantee Program (ALGP) Primary Accountability: Corporate & Electricity Finance Division	In the event of a call on an ALGP guarantee arising from a default on the underlying loan, the fiscal impact would be recorded in the fiscal year in which the claim was paid.	LOW Debt service reserve account, ongoing monitoring, bank account controls are in place to mitigate risk of default.	LOW Any default would have a negative fiscal impact on the Province in the year in which the Province paid a claim pursuant to the guarantee. As guarantees are limited to a maximum of $50 million (unless Treasury Board approves an exception), and the average is smaller, the impact is small in the Provincial context. However, there may be a reputational impact for the Province/OFA as well.	LOW	Ongoing monitoring by staff of approved loan guarantees, including project performance and compliance with loan and guarantee agreements. No specific Board oversight of ALGP because the program relates to Provincial guarantees.
Increased borrowing to fund loans to public bodies Primary Accountability: Corporate & Electricity Finance Division	Risk of unexpected loans that were not included in the OFA Annual Borrowing and On-Lending Plan.	LOW Over the past five years, only one unanticipated non-school board loan caused the OFA to breach its loan contingency reserve. An “unlikely” rating of less than 20 per cent probability of occurrence is, therefore, prudent, resulting in a **low** likelihood.	LOW In the overall borrowing plan, any unexpected loans would likely not have a “noticeable” effect, as most incremental borrowing is not material in the context of the whole borrowing program and therefore can usually be accommodated. This results in a **low** impact and a low overall risk assessment.	LOW	Ensure there exists an unassigned contingency equal to 10 per cent of forecasted loans to public bodies. Push off less urgent loans for execution in the following fiscal year. For OLG and LCBO, request business updates from the Government Business Enterprises Division (GBED) to identify potential borrowing requirements (e.g., for site expansion); include estimates in Borrowing and On-lending Plan. Where a policy decision is taken requiring the OFA to provide funding for a strategic project, facilitate private sector financing, especially if interest cost savings are only deemed to be minimal.

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Government cost constraints Primary Accountability: Finance and Treasury Division	Cost constraints may limit the OFA's ability to provide services in a timely manner.	MEDIUM While good budgeting process and budget to actual comparison exists, the OFA is not insulated against budgetary constraints. The likelihood is deemed **medium.**	HIGH If budgetary constraints are severe enough the delivery of core services will be impacted justifying a **high** impact and high overall risk assessment.	HIGH	Timely budget preparation in accordance with PRRT requirements. The budget preparation process is aimed at allocating resources according to priorities. Detailed planning and monitoring to meet priorities within cost constrained environment. Comparison on a quarterly basis between budget and actual to ensure that priorities are being met within approved expenditures. Effective financial management on a year by year basis that ensures minimal variances between budget and actual. The OFA also retains its surplus which can act as a source of funds to meet non salary related expenses upon approval from the Ministry of Finance.
Risk Category: WORKFORCE **RISK AREA**: Workforce: Operational Workforce Risks.					
Employee Fraud Primary Accountability: Finance and Treasury Division	Risk that losses will be incurred because an employee is dishonest.	LOW The likelihood is **low** due to stringent internal controls and systems that cannot be easily circumvented.	MEDIUM The impact is deemed to be **medium** resulting in an overall low risk assessment.	LOW	Continue to communicate code of values and measures for disclosing wrongdoing to OFA staff. Strong system of internal controls, including segregation of duties, which are regularly reviewed by internal auditors as well as the Office of the Auditor General. While no material issues have been identified to date from these audits that essentially cover the full fiscal year, all audit recommendations have been implemented. Detailed and timely exception reporting with managerial oversight.
Human Resource Risk	Risk that highly trained and specialized staff will not be	MEDIUM	EXTREMELY HIGH	HIGH	Hire qualified staff; develop and implement staff retention strategies with assistance from the OFA

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Primary Accountability: Each Hiring Division, with support from the Strategic Corporate Services Division	available due to resignations, retirements, turnover, inability to hire, lack of skills, illness, etc., including the risk that misalignment of incentive structures with functions of the OFA may impede recruitment, promotion, innovation and staff initiative.	The likelihood is deemed **medium**. The issue has gained traction due to the disparity between pay scales in other agencies and pension funds compared to their OFA counterparts. As a result, overall, the pool of applicants to positions at the OFA has diminished over the past few years. Although most positions have adequate backup and succession planning, there are some areas within the OFA that are tightly staffed and some positions are highly specialized which creates vulnerability. In addition, compensation constraints have limited the ability to adequately replace staff externally at comparable experience and skill levels. An absence of financial incentives may also have impacted levels of staff engagement/initiative for existing staff (e.g. not taking promotions to management or not taking on special projects). The OFA makes extensive use of information technology as an offset to staffing constraints created by the increased scope and complexity of its activities.	The impact is deemed **extremely high** resulting in an overall high risk assessment.		Board and Human Resources and Governance Committee, provide support and training, where feasible provide competitive salary and benefits, foster a good and efficient working environment and a culture that recognizes and rewards performance, set out performance plans and monitor, recognize and value achievements, good communications and teamwork, and implement employee engagement strategies. Where possible, offer results-based pay for performance, including a competitive, market-based salary and a comprehensive and flexible benefits package. Maintain unique compensation structure for A/XOFA positions. The OPS is now conducting employee engagement surveys on an annual basis which will enable the OFA to track changes in employee engagement levels and better align responses and initiatives with results in the shorter term. The OFA is also undertaking a review of its organizational culture to ensure it continues to align with the OFA's values and corporate objectives as the OFA's mandate continues to increase in complexity and volume. The implementation of the new long-term compensation strategy for OPS non-bargaining specialists, managers and executives implemented in November 2017 is expected to help mitigate human resource risk. Among the changes were: adjusting base salaries and salary ranges for managers and non-bargaining staff and lifting the freeze on movement within them; providing

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					equivalent increases to those negotiated by bargaining agents on a go-forward basis; streamlining the compensation structure for executives (EXE) to ensure that salaries target the market median of similar jurisdictions and public sector comparators: reinstating merit pay based on performance for non-bargaining specialists and managers; and, the introduction of a modern job evaluation system for the management compensation plan including a separate managerial stream intended to reduce salary range compression and inversion between managers and staff reporting to them by restoring a five percent differential in salary. Furthermore, this compensation strategy allowed for compensation revisions to the FMCG class (A/XOFA). These latter changes were approved by the Board in April 2017 to help in restoring competitive compensation with Broader Public Sector comparators. It is too early to tell whether these changes are sufficient to reverse the recent trend of disappointing responses to positions advertised externally and an inability to attract qualified candidates for positions in the A/XOFA classification and others including those requiring accounting designations and specialized formal education in financial engineering and information technology or investment and corporate finance experience.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Risk Category: INFORMATION TECHNOLOGY & INFRASTRUCTURE **RISK AREA:** Information and Information Technology (I & IT): The risk that information produced or used (e.g., performance data) is incomplete, out-of-date, inaccurate, irrelevant or inadequately protected from inappropriate disclosure. Risk that information or other technology (e.g., architecture, hardware, software) does not support business requirements, and/or does not support availability, access, integrity, relevance and security of data. Includes business continuity risk. Risk related to information or technology (e.g. upgrading or replacing of IT systems, etc.) Should include privacy and security risks.					
Privacy and security Primary Accountability: Strategic Corporate Services Division	Risk related to the OFA's handling of sensitive/ confidential information on behalf of the government. Potential compromise of confidential information or personal data through identity theft, or unauthorized electronic or physical access of information.	LOW The risk is considered **low**, as management ensures that staff are cognizant of the importance of information security.	MEDIUM The impact is deemed medium, resulting in an overall low risk assessment.	LOW	**Personal Information Privacy:** The OFA is a designated institution under *Freedom of Information and Protection of Privacy Act* (FIPPA). All OFA staff are provided with FIPPA training within 6 months of starting employment and must take FIPPA training annually thereafter. Employees are prompted through the OFA's Policy Management System (PPM) to review their obligations and must answer questions prior to confirming they have understood and agreed to comply. The OFA has a Privacy Breach Protocol in place in the event that a breach is identified under FIPPA. This Protocol is managed by the Legal Branch. All HR related information and systems containing Personal Information, as defined under FIPPA, are scheduled to be amalgamated into one system by fiscal year 2020–21, with updated restrictions and selective access to users. The new amalgamated system is still in its design phase but will incorporate role-based access for authentication and authorization, to ensure the highest level of privacy protection of personal information. A privacy impact assessment will be conducted, if required.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					An Information Management initiative is currently underway at the OFA. It aims to reduce the costs and risks associated with information and data handling by maturing the OFA's current information governance and establishing effective Records and Information Management (RIM) practices aligned to Business Unit (BU) priorities. These practices will be based on IM best practices, but require a significant effort of time and energy to identify and remediate 20+ years of ad-hoc electronic data handling. The process the OFA has embarked on is an iterative 3-year cycle of identification and remediation of data. The initial discovery and assessment phases for SCSD and Legal Service Branch has begun in Q3 of fiscal year 2017–18, and is expected to expand to the rest of the OFA in fiscal year 2018–19. The SCSD is targeting Q4 of fiscal year 2020–21 to complete the remediation of key data identified in the assessment.
					Security: All staff and fee-for-service contract workers must complete security clearance and background checks in order to be granted access to all key applications and systems within the organization in accordance with the *Contractor Security Screening Operating Policy*. The OPS I&IT Directive does not apply to the OFA. The OFA has its own I&IT policies that meet or exceed the OPS Directive. The OFA measures its I&IT standards against established industry benchmarks and best practices.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					Access to all electronic data and systems requires authentication which is managed through the OFA Identity and Access Management System (IAM) in alignment with the *OFA IT Access Control Policy*. The IAM system controls authentication and authorization. Role-based access controls are setup according to the 'business owner's' level of specified granularity, and the ability to directly review, assign and revoke access is granted to the owner via Systems Access Manager. Security of electronic information is continually assessed through third party security assessments on infrastructure from external vendors (Penetration Testing and Vulnerability Assessments) are conducted annually. Security of hard copy information is provided by enterprise IT perimeter security solutions, key card locked main doors, safes, and security cameras. Physical security audits are conducted on a 3-year cycle, with 5 years allowed to remediate given fiscal constraints on leasehold improvements. Yearly audits by the Ontario Internal Audit Division (OIAD) are completed on treasury systems, and periodically include reviews of the IT security and access control mechanisms. Recommendations arising from such audits are actioned and report backs are provided to OIAD. ARMC receives quarterly reports from OIAD on all audit findings.

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					All audit materials and security reviews are stored in a centralized repository that informs the technology roadmap and guides policy development decisions. The OFA currently has an *Incident Response Policy and Procedures* document from 2008. This document is being re-developed to include a Data Incident Response Plan, further establishing a framework and protocols for action and communication during an event. It is anticipated that development of the Plan will include active representation and membership across the organization, and is scheduled to be completed by Q4 of fiscal year 2018–19. Regular security policy compliance monitoring and reporting is managed through PPM. This ensures staff are reminded about their requirement to read and verify compliance of all security policies in a timely fashion. **Confidentiality:** The *Public Service Ontario Act, 2006* and related *Conflict of Interest Regulation* require OFA employees, as public servants, not to disclose or use information obtained in the course of their duties. The OFA also has a *Conflict of Interest Policy* which is communicated to staff through PPM annually. Where enhanced security is required in interactions with other Ministries, such as during the budget

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					process, affected OFA staff receive appropriate training.
Business continuity Primary Accountability: Strategic Corporate Services Division	Risk that the processes in place to ensure that critical I&IT systems are not available for operation to support business requirements (disaster recovery & business continuity planning)	LOW The risk is considered **low**, as the OFA has a comprehensive Business Continuity Plan (BCP) which is regularly tested.	HIGH The consequences for the OFA not being able to carry out its business, even for one day, would be severe, therefore its impact is deemed **high.** As a result, the OFA maintains a twin of its IT infrastructure in a separate disaster recovery location (DR Site), which reduces the overall assessed risk to medium.	MEDIUM	As part of the OFA BCP, Strategic Corporate Services Division (SCSD) ensures that all critical systems, information and IT infrastructure are highly available and replicated to the OFA's DR Site. Critical production systems are routinely run out of the DR Site in order to verify the system operates properly in the BCP environment. Furthermore, SCSD maintains the technical infrastructure to support the OFA decentralized recovery plan. This includes mobile devices and remote access services. Periodic drills are held to ensure that staff are able to use the OFA's BCP infrastructure in a productive manner.
Procurement Primary Accountability: Strategic Corporate Services Division	The direct impact of delays to any procurement activity are twofold: Financial risks, as this directly impacts the budgeting cycle within the organization and also results in higher service delivery and resource costs of the legal and procurement teams, respectively.	MEDIUM The likelihood is deemed **medium.** The OFA operates within the government procurement framework, adapted to its own unique requirements. The requirement to adhere to complex public sector procurement rules, as set out in the OFA's Procurement Policy has the potential of slowing down urgently needed IT infrastructure, creating a degree of risk. Some	MEDIUM The impact is deemed **medium,** resulting in a medium overall risk assessment	MEDIUM	Standardized approval forms and RFX (Request for Information, Proposal or Quotation) precedent templates streamline the procurement process. Establishing Service Level Agreements within the organization to ensure consistent timelines for document review and approvals will help ensure project deadlines are achieved. The establishment of a dedicated Procurement Office within SCSD in April 2017 will provide centralized procurement advice and processes to the OFA. A dedicated office supports the goal of increased consistency and

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	Technical risks are the inability to acquire critical infrastructure solutions in a timely manner, which impedes the ability of the organization to respond to emerging threats in a judicious fashion.	streamlining of the process has been carried out, reducing the assessed risk to medium.			transparency through homogenized practices, templates, advice and reporting. In Q3 2018, the function of the office will extend to include contract management, encompassing the lifecycle of procurement activities. When project and procurement plans are hindered by lengthy standard procurement process, priorities will be revisited. In some circumstances, CEO approval of an exemption or a different process may be requested, if available.

ENVIRONMENTAL SCAN

Economic Conditions

The economic outlook for Ontario described below is based on the average private sector view as of January 2018. As with all projections, there are positive and negative risks to the outlook. The most significant immediate risks to the outlook are rising interest rates and uncertainty regarding future U.S. economic policy. For business planning purposes, the OFA recognizes that it may confront increased demands to provide financing and other services.

Ontario's economy is expected to continue to grow at a solid pace. Ontario real GDP increased 2.6 per cent in 2016. Private-sector forecasters, on average, estimate Ontario real GDP grew by 2.9 per cent in 2017, and expect growth of 2.2 per cent in 2018, 2.0 per cent in 2019 and 2.1 per cent in 2020. The economic outlook is influenced by external factors, such as U.S. economic growth, oil prices and the Canadian dollar. An advancing U.S. and global economy combined with low oil prices and a competitive Canadian dollar continues to support Ontario's economic growth. Over the forecast period, rising interests are expected to shift economic growth from interest-rate-sensitive sectors, such as household consumption and housing, which have led activity in recent years. Trade is expected to be an important contributor to growth, as Ontario's exports are projected to rise on average by 2.1 per cent annually over the 2018–20 period. Solid demand prospects will also continue to encourage businesses to invest over the projection period, as firms adopt new technologies, produce more innovative goods and services, and expand into new trade markets. However, uncertainties surrounding U.S. trade policies pose downside risks to Ontario's growth forecast.

The United States is Ontario's largest trading partner, accounting for approximately 80 per cent of the Province's international merchandise exports in 2016. Economic growth in the U.S. slowed to 1.5 per cent in 2016 following a strong 2.9 per cent in 2015. According to the January 2018 Blue Chip consensus outlook, the U.S. economy is estimated to have grown by 2.3 per cent in 2017, and is expected to grow by 2.7 per cent in 2018 and 2.4 per cent in 2019.

The price of WTI (West Texas Intermediate) crude oil fell by over 70 per cent from its June 2014 peak of $108 US per barrel to below $30 US per barrel in early 2016, a reflection of strong supply and weaker global demand. WTI oil prices have since risen to an average $51 US per barrel in 2017, up from $43 US per barrel in 2016. The current private-sector forecast average for the WTI price of oil is $54 US in 2018, well below levels recorded over the 2010-14 period.

Sharply lower oil prices and diverging monetary policy between Canada and the United States contributed to a depreciation of the Canadian dollar to an average of 78.2 cents US in 2015. The Canadian dollar declined further in 2016, averaging 75.4 cents US before climbing up to an average 77.5 cents US in 2017. Private-sector forecasters expect the Canadian dollar will average 78.8 cents US in 2018.

Ontario's resale housing market advanced rapidly over the 2015-16 period and into early 2017, supported by low borrowing rates, rising employment, income gains and growth in the number of households. Housing market activity has cooled following the introduction of the Fair Housing Plan. Sales of existing homes dropped by 9.5 per cent while resale prices rose by 9.7 per cent in 2017. Ontario housing starts also increased in 2017. Over the next few years housing market activity is expected to remain moderate as gradually rising interest rates, historically high valuations and mortgage debt are expected to temper healthy demographic-related demand.

There are risks surrounding the housing market outlook. Home price gains in Ontario have outstripped incomes in recent years, fuelling mortgage debt accumulation. As a result, affordability in Ontario's housing market has eroded. Despite historically low mortgage rates, monthly carrying costs are elevated

relative to long-term trends. High levels of debt combined with elevated resale prices leave Ontario households potentially vulnerable in the event of an adverse economic shock.

Financial Markets

The Bank of Canada has raised the overnight rate target since last summer, first to 0.75 per cent in July 2017, to 1 per cent in September 2017 and again to 1.25 per cent in January 2017. The decision was largely driven by a strong Canadian economy in 2017 fuelled by stronger-than-expected consumption and residential investment, reflecting solid employment growth. The Bank of Canada also noted stronger-than-expected global growth but cautioned the uncertainty surrounding the future of NAFTA. On average, private-sector economists expect further rate hikes in 2018.

In the United States, the Federal Reserve raised rates three times throughout 2017, citing a continuously strengthening labour market and solid economic growth. It is expected that the Fed will continue to raise rates, though at a gradual pace. On the other hand, monetary policy in the European Union continues to remain accommodative. In December 2017, the European Central Bank (ECB) announced that interest rates will remain unchanged and are expected to stay "at present or lower levels for an extended period of time, and well past the horizon of the net asset purchases." The ECB also plans to continue its asset purchase program until at least September of 2018, albeit at a lower monthly pace than in 2017.

In Canada, long-term interest rates have remained at historically low levels for several years but have risen in recent months. Long-term interest rates are projected to gradually rise over the next few years but still remain low compared to the long-term historical average.

According to private-sector forecasters, the Canadian three-month Treasury bill rate is expected to rise gradually from an average of 0.7 per cent in 2017 to 1.4 per cent in 2018, and 2.1 per cent in 2019. According to the January 2018 Blue Chip consensus outlook, the three-month U.S. Treasury bill rate is expected to average 1.8 per cent in 2018, before rising to 2.4 per cent in 2019.

The 10-year Government of Canada bond rate averaged 1.8 per cent in 2017. According to private-sector forecasters, the 10-year Government of Canada bond rate is projected to rise, averaging 2.4 per cent in 2018 and 3.0 per cent in 2019. According to the Blue Chip consensus outlook, the yield on 10-year U.S. government notes is expected to average 2.7 per cent in 2018 and 3.2 per cent in 2019, up from 2.4 per cent in 2017.

Government Initiatives

Government policy implementation and developments, including price mitigation measures, and financial performance in Ontario's electricity sector, including OPG, Hydro One and municipal electricity utilities, may affect borrowing requirements through the cash flows to the Province and OEFC.

The OFA will continue to monitor the Green Bond market to identify future issuance opportunities under its Green Bond Program. The OFA will provide policy analysis and advice on the Trillium Trust, to dedicate net revenue gains from qualifying asset sales to help support public transit, transportation, and other priority infrastructure investments across Ontario. The OFA will also provide financial support to the Ministry of Environment and Climate Change in respect of the government’s Cap and Trade program, as well as in the establishment of a Greenhouse Gas Reduction Account and a climate change agency. In addition, the OFA will continue to provide loans to public bodies in support of government initiatives such as the new Ontario Cannabis Retail Corporation and greenhouse gas reduction initiatives implemented by colleges and universities.

The OFA will also provide financial analysis and advice in support of the Province's commitment to unlock the value of designated assets, and will continue to work with Infrastructure Ontario and other areas of government on optimizing certain holdings in the Province's real estate portfolio, in particular, the sale of the Seaton lands.

Regulatory Compliance

The OFA will ensure that information required to be disclosed by the Province in its debt securities offerings related documents, periodic published reports (including the Ontario Budget, the quarterly finances, the Public Accounts of the Province of Ontario and the annual fall Economic Outlook and Fiscal Review) and other disclosures filed or submitted under applicable securities legislation, rules and regulations in the United States, the United Kingdom, Luxembourg, Australia, Switzerland and Singapore is filed on time and otherwise in accordance with those requirements. Regulatory requirements will be monitored continually to ensure the Province has ongoing access to these markets.

PERFORMANCE MEASURES

1. Execute the Province's borrowing program

Objective	Performance Measure	Target
a. Complete the borrowing program while ensuring that the Province always has adequate liquidity.	Sufficient liquidity on hand at all times to ensure the Province can meet its financial obligations. Ensure borrowing is completed with minimal negative impact on the Province's reputation in the financial markets.	Borrowing program completed and cash requirements met on a timely basis.
b. Manage the borrowing program in a sound and cost-effective manner.	The performance measurement of the timing of the long-term fixed-rate borrowing program is expressed as a percentile ranking of the all-in borrowing cost against a statistical distribution of benchmark interest rates observed throughout the year. Other debt management activities such as buy-backs are also incorporated in this measurement.	Achieve a percentile ranking of 45 to 55 for regular borrowings and 50 to 75 for strategic foreign borrowings. All results are validated by the OIAD.
c. Ontario Savings Bonds (OSB) Program	Fund borrowing requirements at cost-effective rates for a broadly based retail program which allows individual investors in Ontario to participate in providing funding to the Province. OSBs reduce other borrowing requirements which, in turn, reduces pressure on new issue spreads.	Ensure the program is cost-effective in the context of a retail borrowing program. Maintain and review Service Level Agreement between OFA and Fiscal Agent on an annual basis.

2. Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook

Objective	Performance Measure	Target
a. Preservation of capital on money market investments. Manage liquid reserves in a sound and cost-effective manner.	Credit losses on liquid reserves and investment portfolio of funds managed for other government bodies. The investment return on the portion of liquid reserves invested in Government of Canada Treasury bills and similar riskless instruments compared to an average 61-day portfolio benchmark. This benchmarking process is consistent with private sector industry practice. Maintain liquid reserve levels within a pre-determined range (as set out in the Financing and Debt Management Plan) and provide an explanation to the Board of any deviations from that range.	No credit losses on any investments. Generate actual returns that are within ±2 basis points of the 61-day benchmark portfolio. Results are validated by the OIAD.
b. With OPG, prudently manage the Used Fuel and Decommissioning Segregated Funds' investments.	Ensure investment management is consistent with ONFA objectives.	Manage, monitor, and analyze the performance of the funds and the performance of investment managers. Continue refinement of investment strategies, risk management, policies and procedures. Meet the real return objective of 3.25 per cent, and exceed the market benchmark over the life of the funds.
c. Prudently manage funds for government bodies through the centralized/ segregated fund initiative.	Reduce investment costs. Ensure public bodies' funds are managed consistently with investment industry best practices.	Establish and continue to efficiently manage segregated funds with government public bodies that meet client requirements.

Objective	Performance Measure	Target
d. Minimize financial risk by ensuring risk exposures and program losses remain within approved exposure and loss limits.	Foreign exchange exposure. Net interest rate resetting exposure. IOD losses as a percent of budgeted IOD. Credit exposures relative to approved policy limits.	Foreign exchange exposure not to be above five per cent of total debt. The 2017–18 Financing, Debt and Electricity Management Plan had an approved range of 0 per cent to 2.5 per cent in Foreign Exchange Exposure. Currently, the exposure of 0.2 per cent of debt. The 2018–19 Financing, Debt and Electricity Management Plan will have a recommended range subject to Board of Directors approval later in the year. Net interest rate resetting exposure not to be above 35 per cent of total debt. The 2017–18 Financing, Debt and Electricity Management Plan had an approved range of 11.4 per cent to 15.4 per cent in Ontario's Gross Floating Rate exposure, with a target of 13.4 per cent. Interest Rate Resetting Exposure is expected to be 12.9 per cent as of March 31, 2018, with an expected range of 10.9 per cent to 13.9 per cent. A new range and target for Floating Rate and Interest Rate Resetting Exposure will be approved in the 2018–19 Financing, Debt and Electricity Management Plan. IOD losses not to exceed three per cent of budgeted IOD. Credit exposures to be kept within approved policy limits.
e. Use risk control policies to ensure programs are managed in a prudent and cost-effective manner.	Risk management policies are kept current with industry best practices. Exposure limits established in the policies are reasonable and prudent. Exposures are monitored and reported in a timely and accurate manner.	Policies for market risk, credit risk, use of derivatives and other financial instruments and risk management reporting are to be reviewed annually, and amendments or decisions not to amend are to be approved by the Board of Directors. Review limits on net interest rate resetting, foreign exchange and

Objective	Performance Measure	Target
		credit exposures, and credit concentration. Calculate and report exposures daily. Perform monthly stress testing on the Province's market and credit exposures.
f. Measure and report performance of the Province's borrowing, debt management, and investment programs.	Timeliness and accuracy of performance measurement and reporting.	Report on borrowing and debt management performance daily, and on the money market program performance monthly.
g. Evaluate the potential impact of stressed capital market conditions on OFA programs and IOD.	Conduct stress tests of the credit exposures, and IOD, and report the results as described in the risk management policies.	Stress testing is performed and reported on a monthly basis as described in the risk management policies.
h. Forecast IOD for the Province and the OEFC.	Forecasts for the current year and medium-term are provided for the Budget, Fall Statement and quarterly finances.	IOD forecasts for the current year and medium-term to be provided monthly and updated for the Budget, Fall Statement and quarterly finances in a timely manner.
i. Assess the credit quality of municipalities and other approved entities applying for Infrastructure Ontario loans and provide credit risk advice to the Credit Review Committee (CRC)	Review loan applications and analyze reports. Attend CRC meetings to provide advice and vote on each application.	Provide an advisory role at Infrastructure Ontario's CRC meetings.
j. Contribute to key ministry documents, including the Budget, Fall Statement, and quarterly finances; and advise on financial	Advise on potential financial/treasury implications of government initiatives on IOD, borrowing objectives, credit ratings, and financial markets' reactions. Complete the Borrowing and Debt Management chapter, including the Financing Table, in the Budget and Fall Statement.	Ensure potential financial/treasury implications are considered in developing government financial objectives, including meeting the requirements of the *Fiscal Transparency and Accountability Act.*

Objective	Performance Measure	Target
implications of government initiatives.		Provide the Borrowing and Debt Management chapter in the Budget and Fall Statement; and update Ontario's Financing Program in Ontario Finances (quarterly).

3. Manage key financial relationships

Objective	Performance Measure	Target
a. Manage Ontario's relationships with domestic and international investors.	Maintain dialogues with investors, investment dealers and the international investment community by providing timely financial updates, including investor publications and securities filing documents.	Continue to monitor fixed income markets, economic conditions, and investors' interests and requirements to ensure road shows are effective for both the Province and its investors. Investor Relations to continue to track meeting activity with investors. Program benchmarks to include number of meetings with new accounts, effectiveness of communications material and website usage. Provide IR information products, including updates to the OFA website, on a timely basis. Meet ongoing disclosure and regulatory filing requirements with the SEC, UKLA, LuxSE, ASX, SIX Exchange Regulation and the SGX. Provide panelists or speakers at domestic and international industry conferences.
b. Manage Ontario's relationships with the credit rating agencies.	Ensure that credit rating agencies understand government policies, budget, and fiscal performance, properly reflecting these in their reports and decisions.	Following the release of the Budget, senior OFA and Ministry of Finance staff will meet with the rating agencies. Throughout the year, agencies will be kept informed of the government's ongoing economic and fiscal progress.

Objective	Performance Measure	Target
c. Manage Ontario's relationships with banks, financial services providers, and investment dealers.	Maintain relationships with banks, financial services providers, and investment dealers who provide the Province with banking, underwriting, custodial and fiscal agency services, thereby maintaining the Province's reputation and supporting its strategic direction to provide financial and cash management services. Maintain relationships with swap counterparties.	Ensure banking, underwriting, custodial and fiscal agency services provided to the OFA are cost-effective with minimal impact on IOD. Promote Toronto as a global financial centre. Ensure compliance with existing collateralized swap agreements in a timely and accurate manner on a daily basis. The OFA will endeavour to enter into collateralized swap agreements with more swap counterparties to limit credit risk.

4. Provide services related to cash management, banking, settlement, payment, financial and reporting, and client services.

Objective	Performance Measure	Target
a. Arrange OPS-wide cost-effective banking services that minimize the Province's expenditures.	Acquire cost-effective banking products and services to support government ministries' program delivery, Crown agencies' banking activities and OFA's debt and investment management activities through the government's tendering process.	Issue, award and implement tenders for banking and financial services to ensure service continuity and program area needs are met. Monitor vendors' post-implementation performance. Work with central agencies, ministry program areas, and financial service providers to increase take up of existing electronic payment mechanisms and identify industry trends and new banking technology, which can be leveraged to reduce costs and improve service delivery and back-office processes. Ensure continued compliance with mandatory requirements imposed by external parties such as Federal bodies and industry groups. Participate in government and industry working groups/task forces on developing innovative solutions to enhance banking and payment efficiencies.

Objective	Performance Measure	Target
		Provide comprehensive and timely banking advice to program areas and agencies supporting government initiatives.
b. Provide centralized cash management services that maximize liquid reserves returns.	Ensure the provision of timely and accurate cash information for the development of the Financing Table in the Annual Budget and Fall Economic Statements. High service standards on service contracts with client agencies to maintain client satisfaction.	Provide actual and forecast liquid reserve numbers for the Financing Table in the Province's Quarterly Statements and Annual Budget that stand up to scrutiny by internal and external stakeholders. Ensure relevant performance measures in client agency agreements are met or exceeded.
c. Timely and accurate forecasts to align borrowing with cash management requirements, helping to reduce IOD.	Reliable and accurate cash forecasts for the Province and client agencies.	Ensure that the Province has sufficient cash available at all times to meet its financial obligations. Continually enhance the Cash Management System, keeping it responsive to changing needs, technology, and the IT environment within the OPS.
d. Advocacy of best practices in cash management across the OPS	Policy advice where required to assist programs in complying with the Cash Management Directive.	Improved compliance with the Cash Management Directive; implementation of policies more in line with best practices.
e. Provide efficient, accurate and timely settlement and payment processes, and implement appropriate settlements industry best practices.	Ensure debt management, investments, derivatives, and loans are recorded and processed efficiently and accurately. Ensure that ITS, the OFA's system of record for debt, derivatives, and assets, continues to operate effectively. Adoption of industry best practices.	Make system and procedural enhancements to improve the efficiency and effectiveness of settlements' functions, and continue to mitigate operational risk. Replace the Public Bodies Financing System with a user friendly and efficient system that is either developed internally or sourced externally.

Objective	Performance Measure	Target
f. Provide timely and accurate financial reporting for the Province in relation to debt, derivatives and investments, and the agency financial statements.	Ensure security and proper records of transactions. Provide high quality financial information for publication in a timely and accurate manner.	Enhance internal controls on accounting records by applying best practices and staff training. Prepare internal reporting to ensure data integrity. Through research and continuous review, ensure that accounting records and financial reporting are prepared in accordance with applicable PSAB requirements. Provide timely and accurate information for the Province's Budget, Estimates, quarterly Finances and Public Accounts. Provide timely and accurate agency financial statements that pass the scrutiny of the OFA Board and its Audit and Risk Management Committee as well as the Office of the Provincial Auditor General which functions as the OFA's external auditor.
g. Monitor and assess accounting developments that affect the financial reporting for the Province and its agencies.	Keep abreast of current accounting developments in various jurisdictions: the International Accounting Standards Board (IASB), the Financial Accounting Standards Board in the U.S. (FASB), and the Accounting Standards Board and the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.	Continue to monitor developments in accounting standards set by PSAB and other standard setting bodies that may affect the Province and agency reporting. Assume the role of subject matter expert on developments in accounting standards that impact borrowing and debt management as well as related areas. In coordination with other provinces, actively bring the collective concerns of Ontario and the other provinces on the Financial Instruments standard to PSAB. Continue to liaise effectively with the Office of the Provincial Controller and the Office of the Auditor General of Ontario in making recommendations and/or responses on PSAB's review of these and other standards that impact on borrowing and debt management.

5. Advise on and implement corporate and electricity finance projects and policies

Objective	Performance Measure	Target
a. Provide financial analysis and advice on financing and other proposals that have capital markets implications. Develop the structure and negotiate the detailed terms and conditions of any transactions to minimize costs and best meet market expectations.	Cost-effective leasing policies and structures. Appropriate due diligence on financing aspects of asset management projects. Comprehensive advice on structuring and completing financial transactions. Accurate determination of value for money benchmarks and evaluating and recommending interest rates.	Comprehensive, timely and accurate advice to support objectives. OFA to be viewed across the government as a centre of excellence in financial analysis and providing high quality financial advice.
b. Provide financial analysis and advice on cost- effective borrowing, investing, and risk management by public bodies. Negotiate the detailed terms and conditions of any loans to be guaranteed to minimize costs and best meet market expectations.	Borrowing and investing through financial markets as cost-effectively as possible and within appropriate risk management frameworks for each client.	Comprehensive, timely and accurate advice to consolidated public bodies.
c. Provide financial analysis and advice on transactions requiring a provincial guarantee or that may otherwise increase the indebtedness or contingent liabilities of Ontario.	Comprehensive, accurate and timely review and identification of risks and potential risk mitigation strategies.	Comprehensive, timely and accurate advice as required.

Objective	Performance Measure	Target
d. Provide analysis and advice on electricity policies and initiatives that have potential financial, fiscal, and/or economic implications on the Province and/or OEFC.	Early identification and development of analysis and options to effectively assess and address opportunities, pressures and/or risks to the Province or OEFC.	Comprehensive, timely and accurate analysis and advice, as required, including on the following: • Electricity supply, conservation, transmission, distribution and other electricity price mitigation initiatives. • Nuclear supply, including nuclear refurbishments. • Ongoing implementation of the ALGP. • Ongoing implementation of IEI program, ICI, NIER program and the OREC.
e. Analysis and modelling to support the OEFC's objectives, including monitoring of OPG and Hydro One results.	Concise, accurate and timely reports and briefings as required.	Provide analytical and modelling support, as required, for the OEFC annual audit and reporting process. Continue regular financial update meetings with OPG to monitor financial performance. Provide required analysis to support management of NUG contracts (e.g., contract/rate negotiations, and NUG litigation.)
f. Provide electricity sector projections for the Province and the OEFC.	Ensure projections are provided in a timely manner, using best available information and reasonable assumptions.	Provide projections for the current year and medium-term for the Province's Budget, Fall Statement and quarterly finances; as well as projections for OEFC on an annual and quarterly basis. Provide regular updates on projections versus plan.
g. Analysis and advice to support the effective administration of ONFA, including approving annual budgets, monitoring fund balances, managing the Provincial Guarantee provided to the Canadian Nuclear Safety Commission (CNSC), and monitoring policies and other initiatives related to nuclear liabilities.	Comprehensive and appropriate due diligence performed on annual budgets, reference plans, disbursements and financial documents.	Review and approve annual budgets, including investment related expenses, change requests, and disbursements as per ONFA timelines. Ensure budgets are consistent with approved reference plans and only eligible costs are funded. Ensure fund flows follow ONFA requirements through audits and review of financial documents. Review and monitor plans and projects related to managing nuclear liabilities for decommissioning and waste management.

Objective	Performance Measure	Target
		Monitor and review the ONFA Reference Plan and OPG's financial guarantee to the CNSC as nuclear liability estimates are revised and as segregated funds change in value. Provide analysis and advice on OPG's contribution schedules to its nuclear funds.
h. Provide advice, as required, on evaluating the Province's assets, including investments in its business enterprises and analysis and advice on optimisation to enhance efficiency and maximize value.	Ensure required analysis, advice, and briefings are comprehensive, timely and accurate.	Provide timely and highly reliable financial advisory services as required, including modeling, option development, and the identification of key considerations to support OFA, Ministry of Finance and Provincial decision-making. Provide financial analysis and advice related to the Province's holdings of Hydro One shares. Provide analysis and advice related to the Province's asset optimization initiative and its real estate portfolio, in particular the sale of the Seaton lands.
i. Provide financial analysis and advice on corporate issues and initiatives	Ensure required analysis, advice, and briefings are accurate, timely, and comprehensive.	Provide expert financial analysis and advice as required, including modeling proposals and structuring transactions. OFA CEO, or delegate, participation and leadership on Boards and Committees overseeing these initiatives.

6. Ensure the successful activation of OFA's decentralized Business Continuity Plan

Objective	Performance Measure	Target
a. Review and update the Corporate BCP framework and business unit plans.	Business units being able to successfully complete their identified critical time-sensitive tasks from decentralized locations.	Maintain staff awareness and readiness to implement the Corporate and business units' plans to meet business requirements in the event of a business disruption. Conduct and assess periodic BCP tests.

HUMAN RESOURCES

Staff allocation for 2017–18 is 166 positions, or full-time equivalents (FTEs), excluding leaves of absences. Between 2007–08 and 2017–18, the borrowing program is projected to increase by 43 per cent, from $18.0 billion to $25.8 billion, and the Province's net debt is projected to increase by 99 per cent, from $156.6 billion to $311.7 billion. The OFA's operating costs (forecasted) increased by 22 per cent, from $22.5 million to $27.5 million, and FTEs dropped by three per cent, from 172 to 166.

The OFA continually reviews its recruitment and retention strategies to ensure it is able to attract and retain qualified staff. Some of the initiatives that have been implemented include supporting flexible work arrangements, and implementing diversity, inclusion and accessibility strategies. Approximately 85 per cent of the OFA is on the government compensation plan, which is controlled centrally. All but five positions are excluded from collective bargaining.

The OFA will continue to work with the HRGC and the Ministry of Finance Human Resources Branch to develop further initiatives to promote staff retention and skills development. The OFA will also continue to work with the OPS Recruitment Centre to enhance the OFA's ability to attract qualified candidates. This will ensure the OFA can meet its current and future business priorities. Initiatives may include providing opportunities for staff to participate in learning and development courses, job shadowing, secondments, and special projects to the extent feasible to enable continuous learning and enhance succession planning.

FINANCIAL BUDGET

OFA Multi-Year Operating Expenditure Forecast

(in thousands of dollars)	2017–18		Forecasts*		
	Budgeted	**Interim Forecast**	**2018–19**	**2019–20**	**2020–21**
Salaries	19,876	19,876	20,274	19,876	19,876
Benefits	2,299	2,299	2,345	2,299	2,299
ODOE	5,352	5,351	5,387	5,346	5,351
Sub-total Cash DOE	27,527	27,526	28,006	27,521	27,526
Add: Amortization	789	749	770	787	807
Less: Capital Expenditure	(817)	(815)	(795)	(810)	(815)
Direct Operating Expense	**27,499**	**27,460**	**27,981**	**27,498**	**27,518**

Staffing levels are forecast to remain at 166 positions (FTE basis) over the planning horizon.

The tables and financial statements included in this document have been prepared on an accrual basis of accounting to correspond with the OFA Financial Statements.

*Forecasts represent the submission through 2018–19 Program Review, Renewal & Transformation (PRRT) process to the Treasury Board. Subject to Treasury Board approval.

OFA - Income Statement Projections

(in thousands of dollars)	2017–18		Forecasts*		
	Budgeted	**Interim Forecast**	**2018–19**	**2019–20**	**2020–21**
Revenue					
Interest Revenue	3,305	3,486	3,491	3,311	3,132
Cost Recovery from the Province	22,640	22,623	23,009	22,412	22,318
Cost Recovery from agencies /related parties	4,859	4,837	4,972	5,086	5,200
Total	30,804	30,946	31,472	30,809	30,650
Expenditure					
Operating Expense	27,499	27,460	27,981	27,498	27,518
Total	27,499	27,460	27,981	27,498	27,518
Net Income	**3,305**	**3,486**	**3,491**	**3,311**	**3,132**

*Forecasts represent the submission through 2018–19 Program Review, Renewal & Transformation (PRRT) process to the Treasury Board. Subject to Treasury Board approval.

STRATEGIC CORPORATE SERVICES

Strategic Corporate Services Division (SCSD) is accountable for delivering robust Information Technology, Strategic Human Resources Management, Records and Information Management, Procurement and Policy Management, Facilities Management and Physical and Cyber Security Services. Enhancements to each of these areas drives efficiency, auditability and consistency throughout the organization. SCSD ensures the OFA's and OEFC's core business objectives are supported by reliable, dedicated, customized and integrated technology infrastructure, business applications, administrative process and access to external real-time data sources.

A major focus of SCSD is to support the OFA's core operational business processes. By actively assessing and adjusting the underlying functions that enable the day-to-day business needs, SCSD is able to provide streamlined solutions that increase the safety and wellbeing of the staff, further the OPS Diversity and Inclusion commitments, and provide transparency into procurement and human resource activities.

In addition, reliable and secure information technology is essential to the OFA's ability to deliver its mandate. To that end, SCSD strives to ensure that business applications and related services are not down more than four times a year for a period greater than 30 minutes for each occurrence during normal business hours. The OFA's financial business functions are powerfully supported by SCSD's technology infrastructure, providing availability, integrity, security, and capacity via high-performance, highly-redundant systems at a competitive cost. SCSD can effectively deliver and maintain state-of-the-art financial systems and services because of OFA's internal management of information technology.

The following initiatives will be carried out over the next three years to support the OFA's strategic direction and objectives:

Initiative	Duration	Contribution to key OFA activities
Automate and enhance structured, processes across the organization such as Asset and Inventory Management.	2018–19	Address the organization's increased focus on procurement practices.
Increase the effective management and delivery of IT projects through centralized, standardized processes and controls.	2018–19	Continue to enhance delivery and effectiveness of resources in project management efforts. Support OFA objectives in the delivery of technical initiatives.
Expand core systems to track new government initiatives, allow for greater flexibility in hedge portfolio group splitting, strengthen bond and swap pricing modules and Implement applicable changes as per financial and regulatory reform requirements.	2018–20	Support a large borrowing program and the corresponding large volume of associated hedging activity; provide flexibility to support the commodities hedging program conducted by the OFA for Metrolinx; and the continuation of new government initiatives, including Ontario Green Bonds, and the Trillium Trust.
Through iterative enhancements to technology and policy, ensure the security of information assets and infrastructure across multiple platforms.	2018–20	Address increased requirements for integrated communication solutions as well as data anytime, anywhere. Enhance support for the OFA's BCP.

Creating and enhancing OFA business dashboards to gain increased insight and enhance trading and portfolio management information.	2018–20	Provide OFA executives with timely information to support treasury and borrowing program activities.
Creating and enhancing KPIs and dashboards, reporting mechanisms to measure the performance of delivered corporate services.	2018–20	Provide OFA executives with timely information to support business activities.
Continuous IT infrastructure improvement that will enhance performance, increase capacity, and make the OFA's computing solution highly available.	2018–20	The OFA's financial business functions are well supported by its robust IT infrastructure, which is essential for the OFA to carry out its mandate.
Continuous IT security improvement that will ensure the integrity of the OFA's IT network and prevent any unintended data loss or unauthorized access. Review, revise, and develop IT policies and procedures based on emerging business or technology requirements.	2018–20	The OFA is proactive in ensuring that its systems are highly secure.
Continuous IT service delivery enhancement that will improve the process of incident management, change management, and problem management. Implement SCSD Service Catalogue and Configuration Management Database (CMDB).	2018–20	The OFA's financial business functions are well supported by various IT Services. A better service delivery framework is essential to deliver IT Services professionally and on a timely basis.
Streamline procurement through a centralized, process-driven methodology.	2018–21	Provides clear accountability, auditability and transparency.
Implementation of an Information Management Strategy that transitions the treatment of information from 'data' to an 'asset'.	2018–21	Promotes the retention of corporate knowledge within the organization.
Continuous Enterprise Project and Portfolio Management that will improve the ability to track, report and deliver on business and technology initiatives.	2018–20	Provides clear accountability, auditability and transparency.

INITIATIVES INVOLVING THIRD PARTIES

There are no third parties, other than the provincial government, with which the OFA is partnering or with which it has a funding relationship for the purpose of delivering OFA programs. Moreover, the OFA does not provide transfer payments (grants, subsidies, assistance to persons; the business sector; non-commercial institutions; and other government bodies) to third parties.

IMPLEMENTATION PLAN

For 2018–21, the OFA intends to implement its business plan using existing resources and allocations.

COMMUNICATION PLAN

Business Plan

The OFA Business Plan serves as an internal tool for management and staff in the development of program plans and, through the regular reporting of the status of initiatives to the Board of Directors, it serves as a performance measurement tool. The plan also communicates the OFA's business objectives to the Minister of Finance and the Ministry.

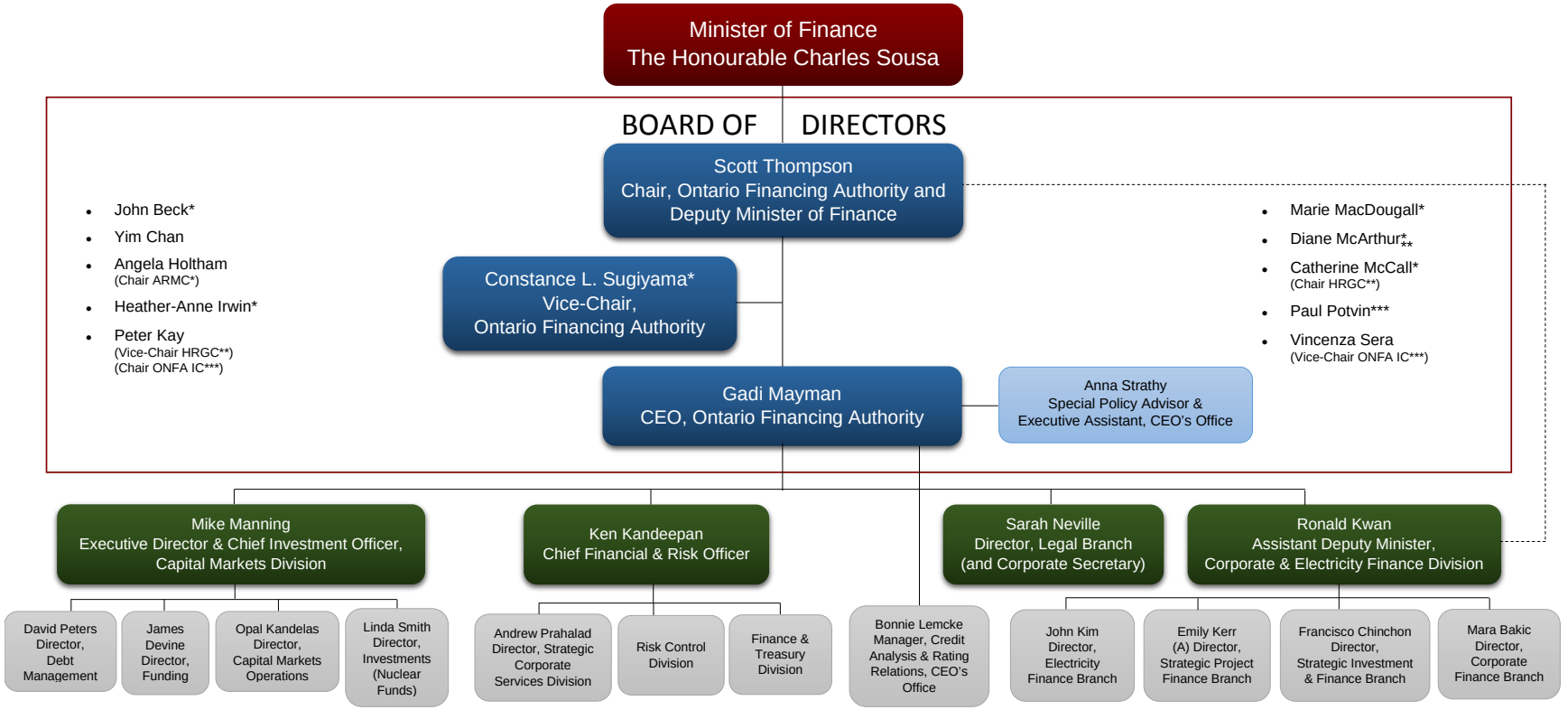
Other Communications

The OFA has a number of external stakeholders, including institutional and retail investors, investment dealers, banks, and credit rating agencies. In 2018–21, the OFA will communicate with stakeholders using various methods including:

1. Websites (including expense information): www.ofina.on.ca; www.ontariosavingsbonds.com; www.ofina.on.ca/algp;
2. Budget and quarterly updates: develop borrowing and debt management components;
3. Fact sheets, investor relations presentations, and other investor material (available on the website);
4. Annual Report (as required by the *Capital Investment Plan Act, 1993*);
5. Regulatory filings;
6. Business Plan; and
7. Memorandum of Understanding (MOU).

Other methods of communication to be used throughout the year are investor relations meetings and regular discussions with credit rating agencies. In addition, the OFA is responsible for the development of communications vehicles for OEFC and will continue to maintain the OEFC website, www.oefc.on.ca, and to produce the OEFC annual report.

ORGANIZATIONAL CHART



* ARMC = Audit & Risk Management Committee
** HRGC = Human Resources & Governance Committee
*** ONFA IC = Ontario Nuclear Funds Agreement Investment Committee

From:	Lisa Stein
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; Sarah Harris
Subject:	4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Thursday, June 08, 2017 4:52:07 PM
Attachments:	4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

WHEREAS: [insert background re: OFHP Act]

WHEREAS: [IESO has requsted funding…..]

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~make a loan~~provide a revolving credit facility to the Independent Electricity System Operator ("IESO") in a total principal amount of up to CAD $2,000,000,000.00 (the "Loan").

The following terms and conditions shall apply in respect of the Loan~~s~~:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of ~~the Fair Hydro Plan, under~~ the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ~~("Spread")~~.

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

5. ~~Each of the~~The ~~-~~Loan~~s~~ shall be evidenced by a ~~loan~~ credit agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for ~~each Loan~~the Loan made under the authority of this Directive, the amount of the spread retained by the OFA ~~is~~ shall be equal to ~~-~~twenty-five (25) basis points.~~the Spread, if any, for the Loan as set out above~~.

Dated , 2017

Commented [LS1]: Salman to consider….

Commented [SQ22]: Consistent with OIC.

Commented [LS3]: Salman to provide additional language/details/context

Commented [LS4]: Salman to confirm

Commented [LS5]: NTD: If possible, include term for each advance? TBC by Salman

Commented [SQ26]: Consistent with OIC.

Commented [LS7]: IESO is requesting 5 year term. New directive after 5 years?

Commented [LS8]: For further discussion.

_____
Charles Sousa
Minister of Finance

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: Accepted: FHP - next steps

I've also invited Bruno and Toby to the meeting

From: Lisa Stein
To: William Tan
Subject: Accepted: FHP Amending Agreement

From: Lisa Stein
To: Caroline Swerdlyk
Subject: Accepted: FHP Credit Agreement - status update

From: Lisa Stein
To: William Tan
Subject: Accepted: FHP Credit Facility Agreement, questions

From: Lisa Stein
To: William Tan
Subject: Accepted: FHP Credit Facility Intercept Provision

From: Lisa Stein
To: William Tan
Subject: Accepted: FHP Meeting

From: Sarah Harris
To: Lisa Stein
Subject: Accepted: FHP agreement

From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: Accepted: FHP agreement

From: Sarah Neville
To: Lisa Stein
Subject: Accepted: FHP credit agreement

From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: Accepted: FHP credit facility agreement

I will be working from home, so just let me know what number to call you at.
Toby

From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: Accepted: Update call re FHP agreement

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	Amending Agreement 10 current outstanding balance and latest version of AA10.
Date:	Friday, August 18, 2017 10:21:04 AM
Attachments:	Outstanding Balance Existing Credit Facility Aug 21.pdf FW OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx.msg

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Hello Lisa,

Attached is the Carlos's calculation indicating an outstanding balance of $401,878,030.42 after the August 21 advancements. Just below the post reduction limit of $475 million.

Also included is the latest version of the Amending Agreement 10.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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RRRP $475M	RPP $975-475=$500	TOTAL	
1,193,999.75	109,986,030.30		
3,203,101.35	136,581,867.69		
2,231,912.78	-		
6,629,013.88	246,567,897.99		
546,680.51	148,134,438.04		
7,175,694.39	394,702,336.03	401,878,030.42	
475,000,000.00	500,000,000.00	975,000,000.00	Line of Credit
467,824,305.61	105,297,663.97	573,121,969.58	Available

Loan ID: 1590, Line Of Credit: Independent Electricity System Operator, Rural or Remote Electricity Rate Protection Variance

Loan

New Advance | Generate Cashflows | Set Reset Rates | Change Management | Save | Delete | Authorization | Un-Authorization

Workflow

Main | Details | Cashflow

Loan ID: 1590

Client: Ontario Financing Authority

Loan Type: Line Of Credit

Entity Type: Corporations

Entity: Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Credit Facility:

- Total Allocated Amount: $475,000,000.00
- Effective Date: 01-May-2017
- Min Advance:
- No. of Advances:
- ☑ Is Revolving

Remaining Amount: 468,370,986.12

Start Date: 16-Jun-2017

End Date: 16-Jun-2018

Comments:

From: William Tan []
To: Lisa Stein [Lisa.Stein@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date: Tuesday, August 08, 2017 18:43:28
Attachment 1: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.....docx
Attachment 2: RE: IESO - Credit facility balances/requirments
Attachment 3: Grid Note for RPP as of Aug 8, 2017.xls
Attachment 4: Rollover Notice with advance.pdf
Attachment 5: Rollover Notice with advance.pdf

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?

2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**""IESO")**, and the obligations of the OPA became obligations of the IESO;

Formatted: Font: Bold

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $[**Insert amount outstanding as of date of execution**].

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]; Olga Whiteley [Olga.Whiteley@ieso.ca]
Subject: RE: IESO - Credit facility balances/requirments
Date: Wednesday, July 26, 2017 10:47:01

William,

1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1.
RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?

3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

–

Call me if it’s easier for you. 416-325-8090.

Will

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit: **475,000,000.00**

Project: **Regulated Price Plan Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

Project: **Rural or Remote Electricity Rate Protection Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0000%	20-Jun-2017	33	$1,014.08	$1,643.14	$0.00	$1,643.14	21-Jul-2017	64
20-Jun-2017	$3,203,101.35	1.0000%	21-Jul-2017	31	$2,720.44	$2,149.15	$0.00	$2,149.15	21-Jul-2017	31
21-Jul-2017	$2,231,912.78	1.0000%	21-Aug-2017	31	$1,895.60	$0.00	$0.00	$0.00		

Total Principal Advanced	$253,196,911.87

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	William Tan
To:	Sarah Neville
Cc:	Lisa Stein; Sarah Harris
Subject:	Amending Agreement 10 review
Date:	Tuesday, July 11, 2017 8:36:12 PM
Attachments:	OFA IESO Amending Agreement 10.docx OFA-OPA Original Credit Agreement.pdf IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX History of IESO OFA Amending Agreements.doc Minister Directive for IESO Credit Facility Approval.pdf 1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CE....docx

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Hello Sarah N,

Lisa was assisting me with the Amending Agreement 10, for the existing IESO OFA Credit Facility. While Lisa is away, who can we forward this to for review?

Part of the Fair Hydro Plan implementation process, requires reducing the existing credit facility from $975 million, down to $475 million (Amending Agreement 10).
Attached is the draft amending agreement with IESO's first round of comments. I have provided my comments as well for OFA Legal's review. One particular section (Use of Proceeds) requires Electricity Finance's review which I have already forwarded to them for review.

Concurrently IESO is reviewing our draft $2 billion FHP Credit Facility Agreement. I've included the approved directive and underlying OIC. We are expecting to receive comments on that draft in the near future as well. We will eventually require assistance with that as well. I will send a separate emails with the other 9, amending agreements to keep the emails small.

For background purposes I've attached
IESO OFA Amending Agreement 10
Original Credit Facility Agreement
History of IESO OFA Amending Agreements.
IESO Credit Requirements for the 2017 Fair Hydro Plan letter(IESO Request letter) outlining implementation process.
Directive
Underlying OIC

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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making a copy. Thank you

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: I agree with the change.

Commented [A2]: I suggest we keep this paragraph because the current change is to the credit facility amounts. This was provided to provide the reader context to the previous credit facility amount changes. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: I suggest we keep the crossed out paragraph 3 because it provides context to the reader. However, previous amending agreements do not always memorialize previous changes. I do not have strong feelings to keep this paragraph.

Commented [A6]: I agree with IESO Legal by combining this paragraph and the paragraph above as seen in proposed paragraph two.

Commented [A7]: Fine.

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~ , which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: To confirm with Salman

Commented [A9]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A10]: This is correct as of July 4 2017. Likely to change by mid-July.

Commented [A11]: Fine

Commented [A12]: To cofirm with Salman

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

Commented [A13]: Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A14]: GRIDNOTE is note a defined term.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

Commented [A15]: OFA Legal to comment. It may be preferred to leave two spots for signatories in case future signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A16]: No comment.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous terms of Advance from not later than 1 month, 2 months and 3 months after the requested date of the Advance period to a period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: Amending Agreement 10
Date: Friday, July 14, 2017 12:38:28 PM
Attachments: 140280_e.doc
Use of Proceeds.pdf
IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX
image001.png
RE IESO OFA new FH credit facility.msg

Hello Sarah N,

I discussed "Use of Proceeds" with Bruno. I will send a revised Amending Agreement 10 to you this afternoon.

IESO OFA FHP 2017 Credit Letter

In the letter IESO says that it is currently using the $975 million credit facility for FHP purposes referred to as Regulated Price Plan (RPP). You can see a copy of the grid note in the draft Amending Agreement 10, indicating draws under RPP.

Use of Proceeds for Amending Agreement 10,proposed changes

(i) According to Bruno, he is fine with keeping IESO's proposed paragraph (almost identical to Documentation's proposed first paragraph)
(ii) Remove "(1) Existing credit facility Use of Proceeds is different from the FHP $2 billion credit facility".
(iii) Keep "(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IESO:OFA new FH credit facility

Electricity Finance sign-off

-

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on

the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

1. "AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;" (Page 1, paragraph 4).
2. Documentation has also provided its recommended changes. Documentation's proposed changes are the same wording used in the new $2 billion OFHP Credit Facility and an opportune to streamline "Use of Proceeds" in both agreements. (page 2, paragraph 4).

Proposed Changes	Existing Agreement
Existing Agreement: "Use of Proceeds" **IESO proposes:** "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time." **Documentation proposes (same wording as in the draft new OFHP Credit Facility):** The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions: (1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~OFHP~~. (2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."	Use of proceeds needs to fit Ontario Regulation 423/04 (under Electricity Act) and s. 2.3 of Amending Agreement 8 (post amalgamation) to allow for draws under the current agreement. (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
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19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017	31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017	31

Total Principal Advanced	$114,383,131.40

From: Bruno Amara []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 10:59:44
Attachment 1: 140280_e.doc

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now

covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

From:	William Tan
To:	Sarah Harris
Cc:	Lisa Stein; Caroline Swerdlyk
Subject:	Amending Agreement No. 10 + Mike signing authority
Date:	Tuesday, September 05, 2017 3:02:00 PM
Attachments:	IESO FHP Credit Facility Agreement and Amending Agreement 10.msg RE IESO FHP Credit Facility Agreement and Amending Agreement 10.msg Designation of Authorized Signatory Executive Director and CIO (July 2017).pdf

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Hello,

Attached is the IESO sign-off on the August 18, version of Amending Agreement No. 10. We expect minimal comments coming back.

Also, attached is Mike Manning's Designation of Authorized Signatory. According to 1. a) Mike is allowed to sign loan agreements.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan []
To: 'Anthony Martinello' [Anthony.Martinello@ieso.ca]; 'Victor Buza' [Victor.Buza@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 15:18:18
Attachment 1: OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx
Attachment 2: FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

---

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

Formatted: Font: Not Bold

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Victor Buza [Victor.Buza@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Sarah Neville [Sarah.Neville@ofina.on.ca]; Caroline Swerdlyk [Caroline.Swerdlyk@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 16:26:07

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ONTARIO FINANCING AUTHORITY

DESIGNATION OF AUTHORIZED SIGNATORY

RE: EXECUTIVE DIRECTOR & CHIEF INVESTMENT OFFICER

WHEREAS the Ontario Financing Authority ("OFA") Board of Directors authorized the Executive Director, Capital Markets Division to sign certain categories of contracts, documents and instruments in writing pursuant to the OFA Signing Authorities Resolution, approved on December 4, 2015 (the "OFA Signing Authorities Resolution");

AND WHEREAS the title of the Executive Director has been changed to Executive Director & Chief Investment Officer effective July 1, 2017;

AND WHEREAS it is desirable for the person in the position of Executive Director & Chief Investment Officer to continue to be an authorized signing officer of the OFA to ensure continuity of OFA business operations;

AND WHEREAS subsection 8.01(ii) of the OFA's By-Law No. 1 authorizes the OFA Chief Executive Officer ("CEO") to designate in writing, from time to time, persons to sign cheques, drafts or orders for the payment of money and acceptances and bills of exchange;

AND WHEREAS subsection 8.02(a) of the OFA's By-Law No. 1 authorizes the CEO to designate in writing, from time to time, persons to sign contracts, documents or instruments in writing requiring the signature of the OFA, subject to such terms and conditions as the CEO may specify in such designation;

AND WHEREAS subsection 8.02(e) of the OFA's By-Law No. 1 authorizes the CEO to designate in writing, from time to time, persons to sell, assign, transfer, exchange, convert or convey any and all shares, stock, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the OFA and to sign and execute (under the seal of the OFA or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities:

1. I hereby designate the Executive Director & Chief Investment Officer, Capital Markets Division to perform the following acts:

    a) Sign loan agreements, non-negotiable promissory notes, and other evidences of indebtedness issued by the OFA, term sheets related to a loan or other debt obligation and other related legal instruments in connection therewith;

    b) Sign cheques, drafts, acceptances, money orders and bills of exchange (collectively "Payment Instruments"), as the second signatory in addition to any one of the persons referred to in subsection 8.01(i) of the OFA's By-Law No. 1;

c) Purchase shares, stock, bonds, debentures, rights, warrants or other securities, and sell, assign, transfer, exchange, convert or convey any and all shares, stock, bonds, debentures, rights, warrants or other securities owned by or registered in the name of the OFA and sign and execute (under the seal of the OFA or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of purchasing, selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities;

d) Sign agreements for loans by the OFA to public bodies, including terms sheets; and

e) Sign contracts and instruments relating to the business of the OFA and not referred to in paragraphs 1(i) to 1(v) of the OFA Signing Authorities Resolution, including agreements and other documents arising in the context of the conduct or settlement of litigation.

2. Subject to any specific designation in writing that I may sign, in my absence, the Executive Director & Chief Investment Officer is hereby designated for the purposes of executing any contract, document or instrument in writing, excluding Payment Instruments, on behalf of the OFA which I have authority to execute.

3. For certainty, the designations in this document apply to persons temporarily authorized to exercise the powers and perform the duties of the position of Executive Director & Chief Investment Officer, as well as to the person regularly occupying such position.

4. For certainty, the designations in this document are in addition to and do not vary or replace the OFA Signing Authorities Resolution.

5. This designation is effective from July 5, 2017 until such time as the OFA Board of Directors approves a new Signing Authorities Resolution.

DATED: July 5, 2017

Gadi Mayman
Chief Executive Officer
Ontario Financing Authority

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: Are you available for a quick call this morning re: FHP?
Date: Monday, October 30, 2017 10:36:11 AM
Importance: High

Please let me know your availability.

From: Sarah Neville
To: Lisa Stein
Subject: Automatic reply: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 2:29:01 PM

I will be away from the office until Monday July 31, 2017 and will not be accessing e-mail or checking voicemail.

For immediate assistance please contact another member of the legal branch.

Thank you!

Sarah

From: Salman Qadir
To: Lisa Stein
Subject: Automatic reply: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:17:24 AM

Thank you for your email. I am currently out of the office. If you have an urgent matter, please contact Bruno Amara at Bruno Amara at Bruno.Amara@ofina.on.ca.

Likewise, I will respond to your email on June 27, 2017 (afteroon).

Thank you,
Salman

From: John Kim
To: Lisa Stein
Subject: Automatic reply: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date: Friday, June 23, 2017 4:12:10 PM

I will be out of the office on starting Friday, June 23 to Wednesday, June 28. Please contact Bruno Amara at Bruno.Amara@ofina.on.ca if a response is required urgently.

Thank you.

John Kim

From: Gavin He
To: Lisa Stein
Subject: Automatic reply: Policy questions re OFHP Credit Facility Agreement
Date: Tuesday, August 15, 2017 1:54:24 PM

Hi,

Thank you for your email. Please note that I will be out of office from Monday, August 14th, 2017 to Friday, September 8th, 2017 inclusive. During this time, Deena Padamadan and Angie Georgakakos have kindly offered to cover for me, so please route your requests/correspondence to Deena and Angie directly on the following dates:

- August 14th – August 25th: Deena Padamadan (Deena can be reached at Deena.Padamadan@ofina.on.ca or 416-325-0924)

- August 28th – September 8th: Angie Georgakakos (Angie can be reached at Angie.Georgakakos@ofina.on.ca or 416-325-4557)

Have a great day!

Best regards,
Gavin He

From: Jean-Francois Beaupre
To: Lisa Stein
Subject: Automatic reply: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 11:06:18 AM

Please be advised that I am away from the office and will be returning on Monday, August 28, 2017.

Should your matter require immediate assistance, please contact Sarah Harris, Manager, Capital Markets Operations at (416) 325-8193 or by e-mail Sarah.Harris@ofina.on.ca.

Thank you,
Jean-François Beaupré

From: John Kim
To: Lisa Stein
Subject: Automatic reply: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 11:06:18 AM

I will be out of the office the week of August 7. Please contact Bruno Amara at Bruno.Amara@ofina.on.ca if a response is required urgently.

Thank you.

John Kim

From: Sarah Harris
To: Lisa Stein
Subject: Automatic reply: fhp credit facility agreement execution version v3 blackline.docx
Date: Wednesday, September 27, 2017 4:08:37 PM

I am away from the office, returning October 3, 2017. For assistance, please contact Jean-Francois Beaupre at Jean-Francois.Beaupre@ofina.on.ca or 416-325-9657.

Thank you.

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:10:41 PM
Attachments:	Blacklined vs OFA Legal version 12 38 pm-rev.docx

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Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.

Thanks,

Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH9]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS10]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS12]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance, ~~including any Advance for which all or a portion of which is continued by election under Section 3.3~~; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and ~~-~~any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to

Commented [LS13]: Make sure definition updated.

Commented [WT14]:

Commented [WT15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH16]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [LS17]: Please see changes

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH21]: Think this should just be the Advance.

Commented [LS22]: Yes

Commented [WT23]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~, [including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~shall~~ be determined in ~~accordance with~~the same manner as an Advance ~~as set out in~~under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH24]: Deleted (b), since this is reflected in (d)

Commented [LS25]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS26]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH27]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS28]: Why was this changed? Appears redundant.

Commented [WT29]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS30]: Add back original language (pre-amendment)

Commented [LS31]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH32]: Done

Commented [LS33]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS34]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS35]: Mof Legal to confirm relvant?

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS36]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS37]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS38]: Change numbering throughout and references if applicable

Commented [SH39]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; _____; [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS40]: See comments in agreement and amend for consistency once details are determined

Commented [WT41]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT42]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH43]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Credit Facility Grid Note

From:	Lisa Stein
To:	William Tan
Subject:	Comparison OFHP 2017 v. OPA 2005 - OFA legal.docx
Date:	Monday, June 19, 2017 3:31:19 PM
Attachments:	Comparison OFHP 2017 v. OPA 2005 - OFA legal.docx

Hi William,

I'm having problems working with this document – perhaps it is corrupt? I've made some amendments and I'm having difficult adding or viewing comments. Can you please use this version of the document (containing my latest amendments) and send it back to me for further review in a format that allows me to add/view comments?

Thank you,

Lisa

~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

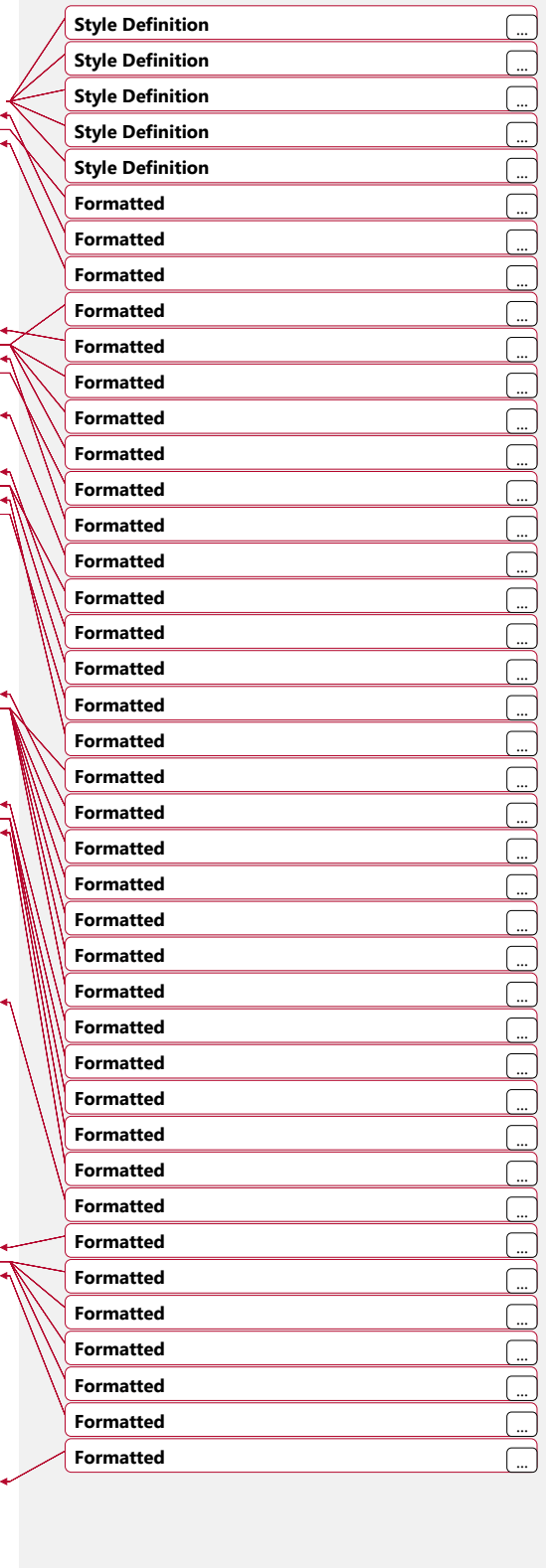
ONTARIO FINANCING AUTHORITY

~~as~~

As Lender

SHORT TERM

REVOLVING CREDIT FACILITY AGREEMENT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Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 1st(·) day of January 2005, between:July 2017,

A. ONTARIO POWER AUTHORITY a**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation established without share capital existing under the Electricity Act, 1998 ("IESO") (the "OPA")

(as Borrower)

AND

B. **ONTARIO FINANCING AUTHORITY**, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "OFA").Parties")

RECITAL:

(the "OFA")

RECITALS:

WHEREAS tThe OPAIESO has requested an operating line of a short term revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFAthe OFA for the purpose of its funding from the OFA to supporting the IESO's role in the amount implementation and administration of the of $500 million and the OFA has agreed to provide such a linethe *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit to the OPA.facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

NOW **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledged), the ~~paiiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**"Advances"**" means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "~~"~~Advance"

" means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Commitment**" means, at any time, an amount equal to $~~500 million~~2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Operating Facility**"~~**"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3~~.

"**Permitted Liens**" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ **(c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;**

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of~~litigation~~of~~ litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the ~~IESO~~ under the Short-Term Credit Facility ~~outstanding~~ shall not at any time exceed the Commitment. The Short-Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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(3) ~~If~~the ~~OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly, not in advance, from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

Commented [WT16]: Lisa – should we include failure to perform under 6.1 as well?

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

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

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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~~DATE~~Date	~~PRINCIPAL RATE ADVMTCED~~Principal Advanced	~~REPAYMENT DATE AND PRINCIPAL REPAID~~Rate	~~INTEREST PAYMENT DATE AND AMOUNT~~Repayment Date and Principal Repaid	~~UNPAID PRINCIPAL BALANCE~~Interest Payment Date and Amount	~~NOTATION MADE BY~~ Unpaid Principal Balance	Notation Made By

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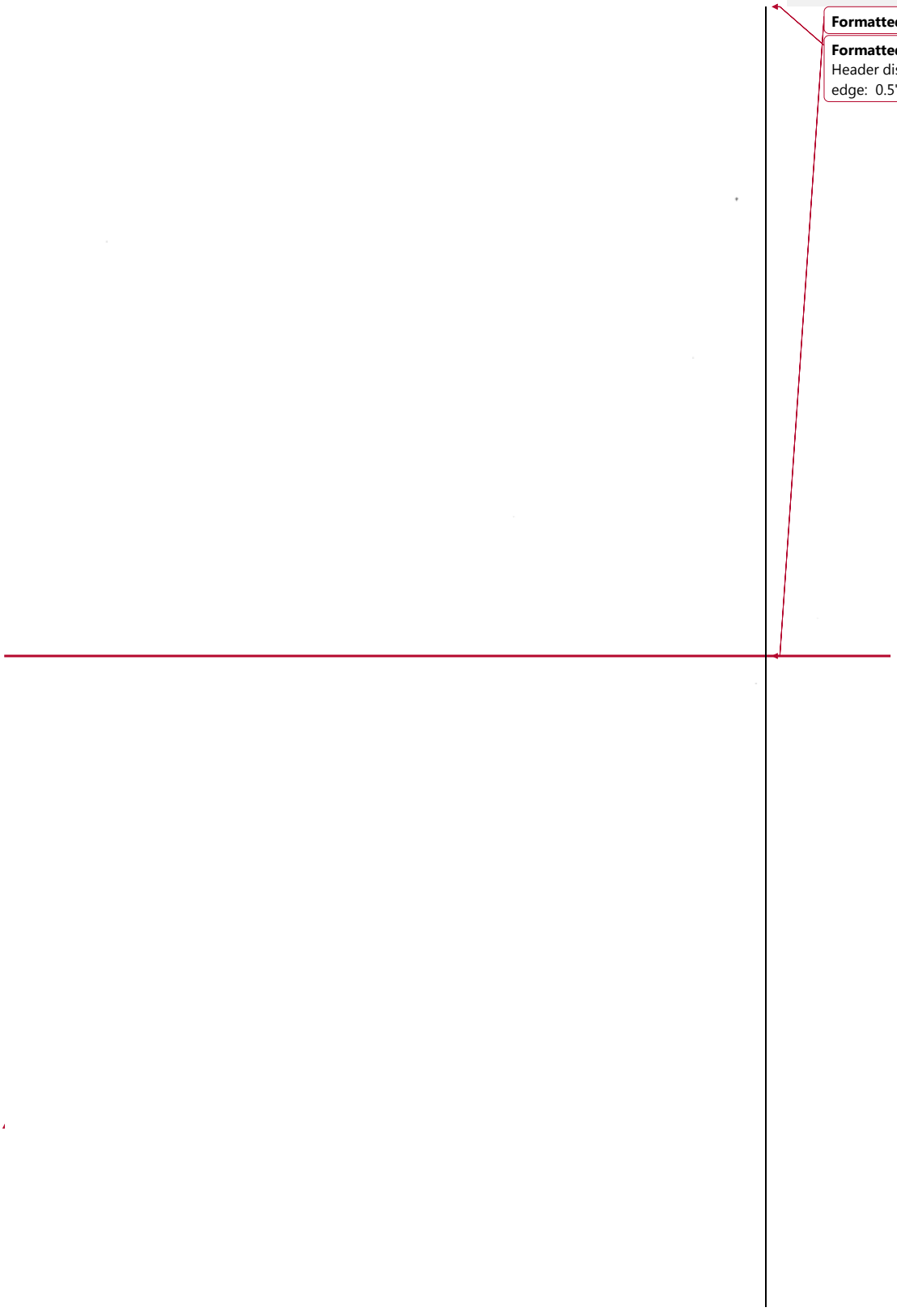

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Line of Credit Grid Note

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From:	William Tan
To:	Sarah Harris; Lisa Stein; Bruno Amara; John Kim; Gavin He; Tobias P. Whitfield (MOF)
Subject:	Conference call re FHP Agreement
Attachments:	conference call re FHP Agreement.msg

The conference line is provided below.
(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

From: Lisa Stein []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; Jean-Francois Beaupre [Jean-Francois.Beaupre@ofina.on.ca]
Subject: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 11:06:17

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

Subject: Conference call re: FHP; next steps August 11 - note to file
Date: Friday, August 11, 2017 5:25:49 PM

Lisa, Toby, Sarah H., Bruno, Will

- Outstanding issue: Do we need to incorporate anything in new directive re: existing agreement (with no intercept)? This will also be contingent on business reasons why intercept doesn't serve a useful purpose
- Need to draft BN and directive re: intercept requirement
- Briefing note for directive: Requires business explanation – e.g why intercept not useful – IESO doesn't receive allocations from Province (Policy/program area)

From: Lisa Stein
To: Anna Strathy; Lisa Stein
Subject: Conversation with Anna Strathy
Date: Thursday, October 05, 2017 3:28:24 PM

Lisa Stein 1:29 PM:

Hi Anna

Please let me know when it would be a good time to chat. I only need about 5-10 minutes.

Anna Strathy 1:42 PM:

Hi Lisa, I have time now!

Lisa Stein 2:22 PM:

It looks like I missed you. Please let me know the next time you are available

Lisa Stein 3:16 PM:

It is regarding FHP

From:	Lisa Stein
To:	Sarah Harris; Lisa Stein
Subject:	Conversation with Sarah Harris
Date:	Wednesday, August 09, 2017 10:22:31 AM

Lisa Stein 10:09 AM:

Hi Sarah

Sarah Harris 10:09 AM:

Hi Lisa

Lisa Stein 10:09 AM:

Welcome back! I just sent out an e-mail summarizing outstanding issues re FHP credit facility. I was debating whether to copy Ken K or Mike Manning. Please forward to them if you see fit
About to go into meetings for rest of the morning

Sarah Harris 10:10 AM:

Cool. Thanks. I'll take a look and will forward if needed. Happy meetings!

From: Lisa Stein
To: Sarah Harris; Lisa Stein
Subject: Conversation with Sarah Harris
Date: Monday, September 11, 2017 10:21:01 AM

Lisa Stein 9:47 AM:
Hi Sarah
I hope you had a great weekend. Please let me know when you are available to discuss FHP agreement

Sarah Harris 9:53 AM:
Hi Lisa. I've just asked Will to review as well. So it should be soon. I'll see where he is now.

Lisa Stein 9:56 AM:
ok

Sarah Harris 10:04 AM:
hi Lisa. would it be alright if I came down to your office to discuss? just let me know when would be good for you.

Lisa Stein 10:07 AM:
I'm working from home today. A call would work. 10:30?
Did you review both agreements?

Sarah Harris 10:08 AM:
sounds good. I'm at 416-325-8193. Yes, I've reviewed both.

Lisa Stein 10:08 AM:
Actually 11 am better. Can you please send me a meeting planner?

Sarah Harris 10:09 AM:
on its way.

From:	Sarah Neville
To:	Sarah Neville; Lisa Stein
Subject:	Conversation with Sarah Neville
Date:	Friday, November 03, 2017 2:59:16 PM

Sarah Neville 2:55 PM:

Hi - I am so curious. Is FHP done?

Lisa Stein 2:55 PM:

I was debating whether to send you a message....
Do you have a minute to call me? 5-2320
Short answer - no

Sarah Neville 2:57 PM:

I am just hopping on a call - I can call you at 3:20?

Lisa Stein 2:57 PM:

Sure

From:	William Tan
To:	William Tan; Lisa Stein
Subject:	Conversation with William Tan
Date:	Friday, August 18, 2017 3:59:54 PM

William Tan 3:15 PM:

Hi Lisa, easy question for you.

Lisa Stein 3:24 PM:

yes?

William Tan 3:31 PM:

would i get two signed Resolution of Board of Directors and Incumbency certificates?

Lisa Stein 3:31 PM:

Why do you think you would need 2?
From the IESO?

William Tan 3:33 PM:

one for AA10 and one for FHP.

Lisa Stein 3:35 PM:

Are they providing originals? I assume we can make a copy or keep everything together?
Please ask Andrea D. what she has done in the past

William Tan 3:36 PM:

sure, i'll ask her on Monday.
thanks for all your help this week. I know this week was very busy for you.

Lisa Stein 3:45 PM:

Thanks Will. Have a great weekend

William Tan 3:48 PM:

thanks you too.

From: William Tan
To: William Tan; Lisa Stein
Subject: Conversation with William Tan
Date: Tuesday, August 15, 2017 4:18:23 PM

William Tan 3:40 PM:

Hi Lisa,
i reviewed FHP CF draft you circulated on Friday.
do you want me to accept Victors changes and make my changes and send it back to you?
or we can chat.

William Tan 4:11 PM:

hi Lisa, are you available at 10:30am to meet with Sarah, Bruno, John and I regarding the new directive?

Lisa Stein 4:12 PM:

Yes.

William Tan 4:12 PM:

thank you

From: William Tan
To: William Tan; Lisa Stein
Subject: Conversation with William Tan
Date: Friday, August 11, 2017 11:29:06 AM

William Tan 10:56 AM:

hi Lisa, I wanted to check with you in terms of your availability this afternoon to discuss next steps.
I owe Anthony and Victor a status update.
We can also discuss the FHP draft?

Lisa Stein 11:03 AM:

I'm currently in discussions with MOF Legal. I'll get back to you once I have an update.

William Tan 11:06 AM:

okay, thanks for checking in with them.

Lisa Stein 11:07 AM:

If you want to set up a placeholder meeting for later this afternoon that's fine, maybe around 2:30-3? It's tentative as I'm not sure I'll have an update yet.

William Tan 11:09 AM:

place holder is fine. We can even speak about the message we are going to convey to IESO, challenges, timeline and temporary use of the $975 million CF.

Lisa Stein 11:15 AM:

Okay. Let's make it for 3 pm if that works for everyone
Gives time for MOF Legal to get back to me. Toby is speaking to Malle

From: William Tan
To: William Tan; Lisa Stein
Subject: Conversation with William Tan
Date: Friday, August 11, 2017 11:27:34 AM

William Tan 10:56 AM:

hi Lisa, I wanted to check with you in terms of your availability this afternoon to discuss next steps.
I owe Anthony and Victor a status update.
We can also discuss the FHP draft?

Lisa Stein 11:03 AM:

I'm currently in discussions with MOF Legal. I'll get back to you once I have an update.

William Tan 11:06 AM:

okay, thanks for checking in with them.

Lisa Stein 11:07 AM:

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William Tan 11:09 AM:

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Lisa Stein 11:15 AM:

Okay. Let's make it for 3 pm if that works for everyone
Gives time for MOF Legal to get back to me. Toby is speaking to Malle

From: William Tan
To: William Tan; Lisa Stein
Subject: Conversation with William Tan
Date: Tuesday, August 08, 2017 2:02:38 PM

William Tan 10:42 AM:
Hi Lisa
how was your weekend?

Lisa Stein 10:43 AM:
Hi Will
I'm just on a call with MOF Legal

William Tan 10:43 AM:
okay
you WFH today?

Lisa Stein 10:45 AM:
yes

William Tan 11:13 AM:
Hi Lisa
i agree with having a call.
Should i include Mike and Ken?
Mike says the unsecured loan makes sense but it doesn't hurt to have a call.

Lisa Stein 11:14 AM:
business decision

William Tan 11:14 AM:

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken's reply above

Lisa Stein 11:14 AM:
I require Mike's decision in writing

William Tan 11:15 AM:
Should i include Ken and Mike on this call?

Lisa Stein 11:16 AM:
business decision

William Tan 11:16 AM:
or are we going to provide them with a separate call?
we're not going to discuss (k) on the call right? i dont want to confuse the rest of the callers.
sorry, i dont know where the emicon came from
(k)
section k
every time i type k with brackets the emicon comes up.

Lisa Stein 11:33 AM:
No we are not going to discuss the legal drafting details
No worries about the emoticon lol

William Tan 11:34 AM:
Ken has a meeting at 1pm

Lisa Stein 11:34 AM:
2 pm or 3 pm?
Toby needs time to draft issues

William Tan 11:35 AM:
ken 2hr meeting
Bruno has a meeting at 3pm for 1hr
unless we try noon.
it would have to be tmw.
i can try an invite for noon, but its kinda short notice.

Lisa Stein 11:37 AM:
How about 4?
I haven't received an issues list from Toby
Noon is not great for me

William Tan 11:38 AM:
no worries

Lisa Stein 11:38 AM:
I'm available until 5:20 this afternoon

William Tan 11:39 AM:
Ken has a meeting from 3:30 TO 4:30
sigh
i dont know if people catch trains
i think Toby leaves at 4pm?

Lisa Stein 11:39 AM:
I think it might be getting late for Toby
Yes
Is everyone available for noon?
Pls check with Toby

William Tan 11:41 AM:
this is regarding the unsecured language right?
i can't get a hold of Toby to confirm.
can you run the meeting without Toby?
sorry, do we need this meeting?

Lisa Stein 11:46 AM:
I would like Toby to be involved. Once we have identified the issues we can perhaps send out an e-mail and then determine whether a call is still required. I'm in meetings all morning tomorrow so it would have to be tomorrow afternoon
please send a placeholder meeting for tomo afternoon in the meantime
He had a call right after our call so he probably hasn't had a chance to work on this
We have questions about implementation of the lending policy

William Tan 11:52 AM:
Optional for Ken and Mike?
can i call you?

Lisa Stein 11:57 AM:
i'll call you
I tried calling you, I'll call you after I speak to Toby again this aft

William Tan 11:58 AM:
okay

William Tan 12:19 PM:
i forgot to mention. im WFH. try my cell.

Lisa Stein 1:38 PM:
Please send me your cell number

William Tan 1:48 PM:
647-262-4464
647-262-4462

Lisa Stein 1:49 PM:
thanks
William Tan 1:49 PM:
can we arrange for the call this afternoon?
i'll arrange it. but are you available?
Lisa Stein 1:50 PM:
I'm available but please check with Toby first
Until 5:20

From: William Tan
To: William Tan; Lisa Stein
Subject: Conversation with William Tan
Date: Tuesday, August 08, 2017 12:10:48 PM

William Tan 10:42 AM:
Hi Lisa
how was your weekend?

Lisa Stein 10:43 AM:
Hi Will
I'm just on a call with MOF Legal

William Tan 10:43 AM:
okay
you WFH today?

Lisa Stein 10:45 AM:
yes

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Is everyone available for noon?
Pls check with Toby

William Tan 11:41 AM:
this is regarding the unsecured language right?
i can't get a hold of Toby to confirm.
can you run the meeting without Toby?
sorry, do we need this meeting?

Lisa Stein 11:46 AM:
I would like Toby to be involved. Once we have identified the issues we can perhaps send out an e-mail and then determine whether a call is still required. I'm in meetings all morning tomorrow so it would have to be tomorrow afternoon
please send a placeholder meeting for tomo afternoon in the meantime
He had a call right after our call so he probably hasn't had a chance to work on this
We have questions about implementation of the lending policy

William Tan 11:52 AM:
Optional for Ken and Mike?
can i call you?

Lisa Stein 11:57 AM:
i'll call you
I tried calling you, I'll call you after I speak to Toby again this aft

William Tan 11:58 AM:
okay

From: William Tan
To: William Tan; Lisa Stein
Subject: Conversation with William Tan
Date: Tuesday, August 08, 2017 11:31:14 AM

William Tan 10:42 AM:
Hi Lisa
how was your weekend?

Lisa Stein 10:43 AM:
Hi Will
I'm just on a call with MOF Legal

William Tan 10:43 AM:
okay
you WFH today?

Lisa Stein 10:45 AM:
yes

William Tan 11:13 AM:
Hi Lisa
i agree with having a call.
Should i include Mike and Ken?
Mike says the unsecured loan makes sense but it doesn't hurt to have a call.

Lisa Stein 11:14 AM:
business decision

William Tan 11:14 AM:
I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken's reply above

Lisa Stein 11:14 AM:
I require Mike's decision in writing

William Tan 11:15 AM:
Should i include Ken and Mike on this call?

Lisa Stein 11:16 AM:
business decision

William Tan 11:16 AM:
or are we going to provide them with a separate call?
we're not going to discuss (k) on the call right? i dont want to confuse the rest of the callers.
sorry, i dont know where the emicon came from
(k)
section k
every time i type k with brackets the emicon comes up.

From:	William Tan
To:	William Tan; Lisa Stein
Subject:	Conversation with William Tan
Date:	Monday, October 23, 2017 12:11:54 PM

William Tan 11:43 AM:

Hi Lisa, are you in the office today?

William Tan 11:46 AM:

i noticed a couple things looking over the amending agreement No. 10.
Section 3.3 (6) &(7) is included in the FHP.
sorry the about the emicon.
Section 3.3. 6 & 7 is included in the FHP.
But not in the Amending Agreement No. 10.
Also, Section 4.6 Negative Pledge seems to be all there except for the mention of "material subsidiary".

William Tan 11:53 AM:

also, with todays update to the FHP, do I need to provide an explanation, or is this considered standard legal language?

Lisa Stein 11:59 AM:

You don't need to provide an explanation for today's update.
Please send me this type of information by e-mail next time (re amending agreement)
Just note to the IESO that we added an "entire agreement" clause.

From:	Bruno Amara
To:	Lisa Stein; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan
Subject:	Credit facility
Date:	Monday, August 21, 2017 8:43:34 AM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v12Clean3.docx DIRECTIVE Aug 16 (vAug18LisaMallesSignedOff)_clean Alternate vWOWatermark_vFinalClean.docx

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Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

OFA -- IESO CREDIT FACILITY
MINISTER OF FINANCE DIRECTIVE FOR AN EXEMPTION FROM THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE")
REQUIRED UNDER THE OFA'S LENDING POLICY

CONTEXT

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility (currently provided under the "Original Credit Facility Agreement", see Background section) from the current $975 million to $475 million.

On June 29, 2017, the OFA received a directive from the Minister to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an intercept provision in the OFHP Credit Facility agreement with the IESO, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA:

  > Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.

- The OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to exclude intercept provisions from the OFHP Credit Facility Agreement, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The requested Intercept Exemption Directive would only apply to the two specified IESO credit facilities.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the Original Credit Facility Agreement and the OFHP Credit Facility agreement, both as amended from time to time, from the OFA Lending Policy requirement to include an intercept provision.

RATIONALE FOR EXEMPTION

- This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility (to be amended from the current $975 million facility).

- Including an intercept provision in the credit facility agreements with the IESO would have no practical usefulness as the IESO receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of having the Intercept Exemption Provision.]

BACKGROUND

<u>The IESO</u>

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.

- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.

- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

- The IESO is a public body for the purposes of CIPA.

OFA Credit Facilities to the IESO

- Pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28, 2016, the Minister of Finance ("Minister") approved and directed the Ontario Fiancing Authority ("OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes.

- Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act*, *1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

- Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

- The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18, 2017

DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

Effective January 1, 2015, the Ontario Power Authority (the "OPA") and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

Pursuant to directives dated December 22nd, 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28th, 2016, the Minister approved and directed the OFA to make loans (the "Advances") to the OPA and the IESO after the Amalgamation from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA and IESO after the Amalgamation to meets its purposes.

Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support the IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

Pursuant to a directive from the Minister dated June 29, 2017 (the "2017 Directive"), the OFA was directed to provide a new revolving credit facility of up to $2 billion to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the OFHP Act (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature for a public body.

The IESO is a public body for the purposes of CIPA.

As there is no operational funding appropriated by the Legislature for the IESO, the intercept provision has no application for OFA loans to the IESO.

Therefore:

The OFA is not required to include an intercept provision in the following two credit facility agreements with the IESO:

a) the Original Credit Facility Agreement, as may be amended from time to time; and,
b) the OFHP Credit Facility agreement, as may be amended from time to time.

(together, the "IESO Credit Facility Agreements")

The IESO Credit Facility Agreements shall remain subject to all other terms and conditions as set out in the applicable directives.

Dated , 2017

Minister of Finance

Per _____

The Honourable Liz Sandals

President of Treasury Board

Alternate for the Minister of Finance

From:	Lisa Stein
To:	John Kim; Malle Hanslep (FIN) (Malle.Hanslep@ontario.ca)
Cc:	Kenneth Russell
Subject:	DIRECTIVE Aug 16.docx
Date:	Thursday, August 17, 2017 10:07:30 AM
Attachments:	DIRECTIVE Aug 16.docx

Please see attached revised draft directive for review, focusing only on current FHP credit facility.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

The Independent Electricity System Operator ("IESO") is a public body for the purposes of CIPA.

Pursuant to a directive from the Minister dated June 29, 2017, the OFA was directed to provide a revolving credit facility to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature from a public body.

As there is no money appropriated by the Legislature for the IESO, the intercept provision has no application for an OFA loan to the IESO.

Therefore:

The OFA is not required to include an intercept provision in its OFHP Credit Facility agreement with the IESO.

Dated , 2017

_____

Charles Sousa

Minister of Finance

From: Lisa Stein
To: Salman Qadir
Cc: Kenneth Russell
Subject: Directive IESO FHP 2017 v2-OFA Legal.docx
Date: Wednesday, June 14, 2017 2:24:51 PM
Attachments: Directive IESO FHP 2017 v2-OFA Legal.docx

For further discussion at meeting

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

~~Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility~~

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate ~~established as of [insert],~~ equal to the Province's cost of funds as based on the terms of ~~as set out~~ the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be ~~made~~ provided at the request and on the recommendation of the Minister of Energy.

DRAFT

Commented [LS1]: Not ncecessarily the case; not specifically referenced in the draft OIC

Commented [LS2]: Program area to confirm; differs from LRC form

Commented [SQ23]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [LS4]: Page 3 LRC approval form states short term financing.

Formatted: Not Highlight

Commented [LS5]: Program area

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision

Commented [LS8]: Business decision; program area to confirm.

Commented [SQ29]: Not Advances. Only the Agreement itself.

Commented [LS10]: Further discussion required.

Commented [SQ211]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

Commented [LS12]: Unclear. Isn't this already authorized by Cabinet note? What oversight is intended here?

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: NTD: OFA Lending Policy may provide guidance for the OFA to make recommendations regarding this amount. Based on profile of brrower. Should be included in BN for Directive.

Commented [LS15]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ216]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	Lisa Stein
To:	Kenneth Russell
Subject:	Directive IESO FHP 2017.docx
Date:	Tuesday, June 13, 2017 11:25:38 AM
Attachments:	Directive IESO FHP 2017.docx
Importance:	High

New version for discussion.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

Commented [LS1]: Program area to confirm; differs from LRC form

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").
- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread to cover the OFA's lending costs ("Cost Recovery Fee").

Commented [LS2]: Program area

- Advances under the Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS3]: Business decision; program area to confirm.

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than five years after the execution of the Credit Agreement.

Commented [LS4]: Is this reasonable given the principal amount of the line?

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

DRAFT

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Cost Recovery Fee as set out above.

Commented [LS5]: Confirm authorization is contained in new OIC

Commented [LS6]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Dated , 2017

_____

Charles Sousa

Minister of Finance

DRAFT

From:	Lisa Stein
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	Directive IESO FHP 2017.docx
Date:	Tuesday, June 13, 2017 3:55:37 PM
Attachments:	Directive IESO FHP 2017.docx

Hi all, I have re-drafted the directive re: IESO OFA credit facility (attached, with comments). Please review and let me know if you would like to discuss further. I note that the draft directive requires that the credit agreement between the IESO and the OFA must contain terms and conditions consistent with the directive. It also refers to the draft OIC.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

Commented [LS1]: Program area to confirm; differs from LRC form

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread to cover the OFA's lending costs ("Cost Recovery Fee").

Commented [LS2]: Program area

- Advances under the Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS3]: Business decision; program area to confirm.

Commented [LS4]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than five years after the execution of the Credit Agreement.

Commented [LS5]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

DRAFT

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Cost Recovery Fee as set out above.

Commented [LS6]: Confirm authorization is contained in new OIC

Commented [LS7]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	William Tan
To:	"Anthony Martinello"; Victor Buza
Cc:	Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	Draft Amending Agreement No. 10
Date:	Thursday, August 31, 2017 4:33:05 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18 (Aug 31 marku.. (002).docx

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' ; Victor Buza
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.
And, please send over draft Amendment #10 for our review.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,
We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.
Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.
Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**~~"~~"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of~~ the IESO~~, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; ~~and~~ (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

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"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

~~1.~~2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42[**Insert amount outstanding as of date of execution**].~~

Commented [A1]: Moved to the end to allow schedule references to remain consistent with Credit Agreement

~~3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.~~

3. The following definitions are added to Section 1.1 of the Agreement

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest

for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A2]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, ~~_____~~Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED FORM OF GRID NOTE~~ FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [A3]: Changed "aggregate" to "principal". This is the only substantive change to this form.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

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Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	**Principal Advanced or Rollover Amount**	**Interest Rate**	**Repayment Date**	**Total No. Of Days**	**Interest Amount**	**Actual Repayment**	**Principal**	**Interest**	**Actual Repayment Date**	**Actual No. Of Days**

~~**[NTD – TO BE UPDATED AT EXECUTION]**~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Victor Buza
To: William Tan
Cc: Anthony Martinello; Lisa Stein; Sarah Harris
Subject: Exchange of Grid Notes
Date: Wednesday, November 22, 2017 12:49:44 PM

Hi Will. I understand from Anthony that the November advances etc have now occurred under the new FHP line of credit and the 2005 line of credit.

Just wanted to check in with you on arranging for the exchange of the Grid Notes regarding the 2005 line of credit i.e. we will provide to OFA the new $475MM Note in exchange for the return to us of the old $975MM Note.

Let me know what your standard practice is.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan
To: Jean-Francois Beaupre; Lisa Stein; Kelly Listoe
Cc: Sarah Neville; Sarah Harris
Subject: FHP & AA10 time table update
Date: Wednesday, July 26, 2017 9:06:34 AM

Update:

I emailed Anthony yesterday to better understand his cashflow requirements for mid-August. IESO is a day late in providing the FHP Credit Facility Agreement. I have moved the dates down by one business day but kept the same deadline of August 4.

Time Table v2

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
~~July 25~~	~~Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.~~ -	~~Documentation~~
~~July 25~~	~~AA10 set up and attended call. Small legal editorial matters.~~	~~Documentation/OFA Legal/IESO Legal~~
~~July 25~~	~~Reviewed Resolution of the Board of Directors, Certificate of Incumbency.~~	~~Documentation/OFA Legal~~
July 25	Cashflow requirements, contacted Anthony to understand his cashflow requirements for mid-Aug.	Documentation
July 26	FHP Credit Facility, receive comments from IESO.	IESO
July 27	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 27	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 28, 31	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
Aug 1	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 2	AA10, executed by IESO and send physical signatures OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority	IESO

	(IESO Statement of Policy).	
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris; Lisa Stein
Subject: FHP - next steps

Hello all,

I thought we should meet to plot out the following:

1. MOF Legal update (if Toby provides Lisa with an update prior to this meeting).
2. Status update message to IESO. (general message, timeline, temporary use of the $975 million CF etc.)
3. Go over FHP Agreement and when to provide draft to IESO.
4. Next steps.

Thanks,

Will

From:	William Tan
To:	Sarah Harris; Lisa Stein
Cc:	Tobias P. Whitfield (MOF); Bruno Amara
Subject:	FHP - next steps

---

(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Hello all,

I thought we should meet to plot out the following:

1. MOF Legal update (if Toby provides Lisa with an update prior to this meeting).
2. Status update message to IESO. (general message, timeline, temporary use of the $975 million CF etc.)
3. Go over FHP Agreement and when to provide draft to IESO.
4. Next steps.

Thanks,

Will

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FHP AA No. 10 - Order of Events
Date:	Friday, October 27, 2017 8:48:46 AM
Attachments:	Re FHP logistics .msg Checklist, Order of Events FHP and AA 10.docx (Internal) Checklist, Order of Events FHP and AA 10.docx

---

Good morning Lisa,

Anthony has notified us of his intentions on Nov 21, to move the entire balance of $840mm + new advance, to the $2B credit facility. I have put together a timeline/checklist based on the aforementioned scenario in an effort to get everyone on the same page. You will notice that the FHP credit facility is set-up first to be available when the transfer is eventually ready to be done. The Amending Agreement No. 10 will be signed and reduced closer to the time of the transfer.

Please find the attached checklist outlining the order of events. I have also created a separate internal checklist. Please review both checklists so I may share the **EXTERNAL** checklist it with Anthony.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
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From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]
Subject: Re: FHP logistics
Date: Wednesday, October 25, 2017 11:08:31

I am out of the office this week but would expect we should sign the intercept, the 2b facility, and 475m at the same time.

In terms of notices for mid Nov i would expect the current $825m outstanding would just roll over to be on the 2B facikity without any actual cash being moved.

Regards.

From: William.Tan@ofina.on.ca
Sent: October 24, 2017 5:00 PM
To: Anthony.Martinello@ieso.ca
Subject: FHP logistics

Hello Anthony,

I am trying to plot out the logistics on my end in regards to which agreements and borrowing notices need to be signed first etc. It would be helpful if you could let me know your intentions with regards to the rollover of the FHP amounts. Give me a call if it's easier to discuss.

Example:

Existing credit facility – move over entire balance to FHP.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

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All funds will move from existing credit facility to FHP.		
FHP • Intercept Letter Agreement signed. • FHP Agreement Signed. • Promissory note for $2B. • Borrowing Notice (Borrowing Notice including sub category this advance applies to).	To do list • Victor to comment on the FHP agreement.	• Oct 27, Intercept letter agreement signed (IESO). • Oct 27, FHP agreement signed (IESO). • Oct 27, FHP promissory note Grid Note(schedule 3) (i) Date and IESO signatory ($2B) (IESO). • Nov 21, Borrowing Notice to advance $840mm + new advance. Received by Nov 16 (IESO). • Nov 21, Risa provides updated Grid Note w/ balances IESO (settlements).
Amending Agreement 10. • Signed agreement. • Promissory Note IESO and OFA.	• Lisa to update agreement for intercept provision and maybe other things. • Victor needs to comment on the agreement. • Check if Mike will be in the office on Nov 21.	• Nov 16, sign AA No.10, agreement and courier to OFA (IESO). • Nov 16, sign promissory note Grid Note (schedule 3) (IESO). (i) Date and IESO signatory $475mm (IESO). • Nov 21, AA No. 10, sign by Mike (OFA). • Nov 21, No Election form, balance allowed to mature. • Nov 21, Risa provides updated Grid Note w/ balances IESO (Settlements). • Nov 21, cancel $975mm promissory note, once $475mm promissory note is received from IESO. (OFA).
Signing Authority		Resolution of the Board of Directors Incumbency Certificate Oct 27, signing authority along with FHP (IESO). Nov 16, signing authority along with AA No. 10(IESO).

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FHP • Intercept Letter Agreement signed. • FHP Agreement Signed. • Promissory note for $2B. • Borrowing Notice (Borrowing Notice including sub category this advance applies to).	To do list • Victor to comment on the FHP agreement.	• Oct 27, Intercept letter agreement signed (IESO). • Oct 27, FHP agreement signed (IESO). • Oct 27, FHP promissory note Grid Note(schedule 3) (i) Date and IESO signatory ($2B) (IESO). • Nov 21, Borrowing Notice to advance $840mm + new advance. Received by Nov 16 (IESO). • Nov 21, Risa provides updated Grid Note w/ balances IESO (settlements).
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Signing Authority		Resolution of the Board of Directors Incumbency Certificate Oct 27, signing authority along with FHP (IESO). Nov 16, signing authority along with AA No. 10(IESO).
Promissory Note PON and OFA • $2B promissory note with PON. • $475mm with PON.	• Only Gadi signs? • Locate copy of existing $975mm prom note, (if exists).	• Nov 1, Create $2b prom note (OFA). • Nov 21, Create $475 prom note (OFA).

Subject: FHP Agreement follow-up
Date: Thursday, August 03, 2017 5:25:31 PM

Hi Toby,

Further to our discussion this afternoon, I wanted to note that the original OFA loan to the OPA (now IESO) for the $975 million credit facility was also an unsecured obligation of the OPA and contained a similar negative pledge. However, it did not contain the *pari passu* language found in s. 3.3(5) of the current draft agreement.

Once you have had a chance to review the current draft agreement, please let me know your thoughts on the "permitted liens" amendment, as well as the *pari passu* language, and the negative pledge in s. 4.6.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: William Tan
To: Sarah Harris; Lisa Stein; Salman Qadir
Subject: FHP Amending Agreement

Capital Markets Boardroom 14102

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From:	Caroline Swerdlyk
To:	Lisa Stein; William Tan; Sarah Harris
Subject:	FHP Credit Agreement - status update

Conference line: 416-212-8011 / 1-866-602-5461
Conference ID: 2218108

From:	William Tan
To:	Kelly Listoe; Jean-Francois Beaupre; Lisa Stein; Sarah Harris; Gavin He; Bruno Amara
Subject:	FHP Credit Facility Agreement, questions

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From: William Tan
To: "Victor Buza"; Anthony Martinello; Lisa Stein; John Kim; Sarah Harris
Subject: FHP Credit Facility Intercept Provision

Call-in details
(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	William Tan
To:	Lisa Stein; Bruno Amara
Cc:	Tobias P. Whitfield (MOF); Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:12:34 AM

Good morning all,

We have had possession of this draft since Wednesday July 26. There are two outstanding issues holding-up the FHP Credit Facility draft:

"Permitted Leins"

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

On yesterday's call, Anthony said that the operations for FHP are still being worked-out and that it's difficult to itemize everything that would be related (k) and would fall under the OFHP obligations and include them in section (k). Because of the fluidity of the situation, (k) was intentionally worded in this manner and (k) does not sound to be unreasonable to me.

I am not an expert on the operations of the Fair Hydro Plan. But according to the link below, the FHP includes a number of Enhanced Social Programs which include Rural/Remote Rate Protection Program (RRRP),Regulated Price Plan (RPP), Ontario Electricity Support Program (OESP), First Nations On-Reserve Delivery Credit, Affordability Fund and Clean Energy Adjustment.
https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html

Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).

Section 3.3 Election Regarding Advances

(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.

Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can send him the soft copy.

It's important that we get this document out to IESO today.
I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	FHP Credit Facility
Date:	Friday, September 01, 2017 1:22:40 PM
Attachments:	FHP credit facility agreement clean final Sept 1.docx FHP credit facility agreement blackline against last version to IESO.docx

Hello Anthony and Victor,

Please find the clean copy of the credit facility agreement and the blackline copy against the previous version with minimal changes. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Wednesday, August 30, 2017 4:26 PM

To: William Tan ; Anthony Martinello

Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein

Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, August 28, 2017 3:39 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>

Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:
Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of ~~August~~September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (~~h~~g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director—& Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

Commented [CS1]: Moved up to (b)

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated ~~August~~September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment Date	Principal	Interest	Actual Repayment Date	Actual No. Of Days
	Total Principal Advanced									

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:
Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:37:20 PM
Attachments:	FHP_IESO_OFA Credit Agreement (DRAFT).docx

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:
The Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*.

A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to

time.

The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and to be entered into by the IESO and the OFA.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From: William Tan
To: Lisa Stein; John Kim; Sarah Harris
Subject: FHP Meeting
Date: Wednesday, October 04, 2017 4:11:47 PM

Hello all,

Should we need to meet in the Capital Markets boardroom 10 mins before Anthony and Victor joins the call to discuss the Amending Agreement No 10, intercept provision?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: "Victor Buza"; Anthony Martinello; Lisa Stein; Sarah Harris
Subject: FHP Meeting

Hello all,

Sorry for the short notice on the meeting to discuss FHP Credit Facility.

(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From:	Lisa Stein
To:	Sarah Harris; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7.docx
Date:	Monday, October 30, 2017 4:10:19 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7.docx

Further changes blacklined in s. 3.2(3). In the interests of time, I will send a version (without the extra blacklining) to the IESO for review. We can make further amendments prior to preparing the execution version if necessary.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

~~(2)~~ (3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall include the ~~be to~~ repayment of a portion of the IESO's outstanding indebtedness to the OFA under the ~~[CREDIT FACILITY NAME]~~Credit Agreement between the Parties dated January 1, 2005, as amended,~~[XX XX, XXXX]~~ (the "**Existing Credit Facility**"), the IESO and the OFA agree that a specified portion of the entry of the First Advance on the Grid Note, as indicated in the Borrowing Notice, shall constitute a repayment under the Existing Credit Facility. ~~in an amount equal to the amount of the First Advance.~~

Section 3.3 Elections Regarding Advances.

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(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Re~~P~~payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date ~~,~~ herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

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(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

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This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.9~~8~~ Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Sarah Harris; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7.docx
Date:	Monday, October 30, 2017 3:43:06 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7.docx
Importance:	High

Hi Sarah and Will,

Further to our discussions today, please see the revised FHP Credit Facility Agreement as amended by Toby. I've reviewed and I think this works (just made a couple of minor tweaks). Please let us know if you have any further comments.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
x. 5-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

Please consider the environment before printing this email.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

~~(2)~~(3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall be to repay the IESO's outstanding indebtedness to the OFA under the ~~[CREDIT FACILITY NAME]~~Credit Agreement between the Parties dated January 1, 2005, as amended,~~[XX XX, XXXX]~~ (the "Existing Credit Facility") the IESO and OFA agree the entry of the First Advance on the Grid Note shall constitute a repayment under the Existing Credit Facility in an amount equal to the amount of the First Advance.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Re~~P~~payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

Commented [LS1]: Once confirmed, will track language in AA#10 as well.

Commented [LS2]: Assumes letter signed on same date as agreement

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(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS3]: Okay; tracked language in AA#10

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.9~~8~~ Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx
Date: Monday, October 30, 2017 11:19:11 AM
Attachments: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Commented [LS1]: Once confirmed, will track language in AA#10 as well.

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Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS3]: Okay; tracked language in AA#10

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.~~9~~8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan; Sarah Harris; John Kim
Cc:	Sarah Neville
Subject:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx
Date:	Friday, October 27, 2017 4:12:32 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

Hi all,

Please see attached my black-lined responses and comments to the IESO's latest edits. I don't have any serious concerns with the proposed amendments. Please let me know if you have any further concerns. If everyone is satisfied with the intercept language, I will incorporate the same language into AA#10.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Commented [LS1]: Once confirmed, will track language in AA#10 as well.

Commented [LS2]: Assumes letter signed on same date as agreement

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Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS3]: Okay; tracked language in AA#10

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.~~9~~8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; John Kim
Subject:	FHP Revolving Credit Facility Agreement 2017-2022 Version v7
Date:	Monday, October 30, 2017 4:19:17 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7.docx

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall include the repayment of a portion of the IESO's outstanding indebtedness to the OFA under the [Credit Agreement between the Parties dated January 1, 2005, as amended, (the "**Existing Credit Facility**"), the IESO and the OFA agree that a specified portion of the entry of the First Advance on the Grid Note, as indicated in the Borrowing Notice, shall constitute a repayment under the Existing Credit Facility.

Section 3.3 Elections Regarding Advances.

Commented [LS1]: NTD: To be included the "Use of Funds" section

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(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Re~~P~~payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date ~~,~~ herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

Commented [LS2]: Once confirmed, will track language in AA#10 as well.

Commented [LS3]: Assumes letter signed on same date as agreement

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(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS4]: Okay; tracked language in AA#10

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.9~~8~~ Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Sarah Harris; Sarah Neville; Caroline Swerdlyk
Cc:	Lisa Stein
Subject:	FHP Revolving Credit Facility Agreement Execution version
Date:	Friday, September 01, 2017 10:37:01 AM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 EXECUTION VERSION.docx FHP credit facility agreement draft (Sept 1 draft - compare to IESO Aug 30)v3.docx

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Hello all,

Please review and provide comments if you have any. The only change to this was Mike's title change. May I ask you to review this this morning?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director; Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
	Total Principal Advanced									

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

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(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

Commented [CS3]: Re-ordered bullets to match order in Election Notice

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Commented [CS5R4]: Ok

Commented [VB6]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director—; Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [CS7]: Moved up to (b)

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
	Total Principal Advanced									

From:	William Tan
To:	Carlos Yep; Risa Thau; John Kim; Alfonso Soriano
Cc:	Sarah Harris; Lisa Stein
Subject:	FHP Status Update
Date:	Friday, October 13, 2017 5:18:58 PM

Hello All,

This is to provide a status update for the existing $975 million OFA IESO Credit Facility (to be reduced to $475 million) and new $2 Billion FHP Credit Facility agreements. The agreements will be executed immediately after certain approvals have been made.

Currently, FHP related advances are being drawn on the existing $975 million OFA IESO Credit Facility. Once the agreements are in place, the intention is to have IESO draw primarily from the new $2 Billion FHP Credit Facility and reduce the existing $975 million OFA IESO Credit Facility down to the $475 million.

According to IESO the next draw will occur on October 20, for $840 million (outstanding loan + new advance).

The amount for the subsequent draw on November 21, is currently unknown but is expected to exceed the existing $975 million OFA IESO Credit Facility limit.

Assuming the $2 Billion FHP Credit Facility agreement is signed before November 21, we are considering two options for the November 21 advances:

(1) IESO will submit a borrowing notice for the November draw to be drawn entirely from the $2 Billion FHP Credit Facility.

Or

(2) IESO will submit a borrowing notice to draw a portion from the $2 Billion FHP Credit Facility in combination with an election notice to draw a portion of the remaining outstanding amount to allow for the existing OFA IESO Credit Facility to be reduced to a level below $475 million.

I will be consulting with IESO to determine which of these options will be chosen and will advise as to the option selected. I understand these facilities will need to be updated in OLMS. I am providing this information to all parties so that they may determine what arrangements are necessary in this regard.

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: William Tan
Subject: FHP agreement and intercept letter
Date: Monday, February 05, 2018 4:35:16 PM

Hi Will,

When you have a chance, can you please send me electronic copies of the above two signed agreements for my file?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: Sarah Harris; Tobias P. Whitfield (MOF)
Subject: FHP agreement

From:	William Tan
To:	"Victor Buza"
Cc:	"Anthony Martinello"; Sarah Harris; Lisa Stein
Subject:	FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:24:01 AM
Attachments:	Certified Res"n Approval of Fair Hydro Credit Facility July 24 draft.doc

Good morning Victor,
Please find the attached Resolution of the Board of Directors with minor edits. No comments on the Incumbency Certificate.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, August 18, 2017 5:23 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Understood Will. Thanks.
FYI, I was under the impression that we had forwarded
(i) the form of extract of board resolution and
(ii) the form of incumbency certificate
for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10

FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944

Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]
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"Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

~~**AND WHEREAS …**~~

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver:

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FHP and Amending Agreement No. 10 - Order of Events
Date: Friday, October 27, 2017 10:42:25 AM

Hello Lisa,

Please review if you agree with the order of events so we may streamline the execution process with IESO.

Thanks,

Hello Anthony and Victor,

As per our discussion with Anthony, the entire balance of $840 million will be moved from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility. Currently we cannot reduce the existing $975 million limit under the facility while $840 million is still outstanding under it.

We propose to signing the FHP Credit Facility agreement first on November 1st and receiving the FHP Borrowing Notice to advance ($840 million + new advance) on November 16. Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st . Sign the semi-executed Amending Agreement No. 10 on November 16 to reduced the existing credit facility on November 22nd.

Please provide you thoughts is this is suitable.

Will Tan| *Documentation & Analysis Specialist*
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From:	William Tan
To:	Anthony Martinello; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	FHP and Amending Agreement No. 10 - Order of Events
Date:	Friday, October 27, 2017 5:05:27 PM

Hello Anthony and Victor,

Pending the execution of the intercept letter agreement next week, we can certainly target executing the FHP credit facility at that same time, however, we propose holding off the execution of the amending agreement until November 22nd .

Currently there is $840M outstanding under the existing credit facility agreement; we cannot reduce the limit of the $975M to $475M while the $840M is still outstanding. As per our discussion with Anthony, we understand that it is IESO's intention that the next draw for the whole balance of $840M (plus any new advancement) will be entirely funded through the new FHP facility (i.e. that is move all funding for next draw on November 21st from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility).

In order to achieve this with least disruption we propose:

- Sign the FHP Credit Facility agreement first next week (assuming intercept letter will be signed prior to or at the same time).
- For next advance, Prior to November 21st funding date, IESO sends to the OFA the FHP Borrowing Notice under the new Facility specifying the amount of the next advance ($840 million + new advance).
- Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st and OFA will fund the November 21st advance (whereby OFA will send any net difference of funds above the $840M to IESO) under the new Facility.
- Arrange to execute Amending Agreement No. 10, on November 22 to reduce the existing credit facility on $475M.

Please provide your thoughts if this is suitable.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From: William Tan
To: Sarah Harris; Lisa Stein; Caroline Swerdlyk; Sarah Neville; John Kim; Bruno Amara
Subject: FHP and Amending Agreement No. 10 update
Date: Wednesday, September 06, 2017 10:59:22 AM

Good morning,

I have spoken to Anthony (IESO) this morning. He is pleased with the agreements so far and will be providing me with a status update on them this afternoon. He expects to have the agreements signed by Friday (subject to the directive getting signed). Anthony will be providing a status update to Moody's on Friday regardless of the outcome.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From: Lisa Stein
To: Sarah Neville
Subject: FHP credit agreement

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject:	FHP credit facility agreement - further amendments
Date:	Monday, July 31, 2017 12:01:38 PM

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From:	Lisa Stein
To:	Sarah Harris; John Kim
Cc:	Sarah Neville
Subject:	FHP credit facility agreement - intercept
Date:	Wednesday, September 20, 2017 4:22:52 PM

Hi Sarah and John,

Please note that I will be away until Monday. I've provided Sarah Neville with a draft version of the agreement containing intercept provisions. In the even that this matter moves forward in the next couple of days, please contact Sarah.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: Sarah Harris
Subject: FHP credit facility agreement Sept 8 OFA.docx
Date: Monday, September 11, 2017 11:02:47 AM
Attachments: FHP credit facility agreement Sept 8 OFA.docx

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

Commented [VB1]: NOTE - I bolded the 3 defined terms

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"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

Commented [VB2]: Grammar corrected

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Commented [VB3]: grammar requires correction

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Commented [VB4]: Made consistent with the language in Amending Agreement #10 and standard practice

Commented [LS5]: OK

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance. ~~.~~ ~~[Either end sentence after "Advance" and delete remainder, OR keep the remainder but insert the words: "~~which shall in any case be] in accordance with Section 2.2]. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the ~~outstanding principal amount of the Grid Note~~Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such A~~a~~dvances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment

Commented [VB6]: IESO is not actually certifying in accordance with the language in s.2.2, so this should be fixed in accordance with one of the options in order to be accurate.

Commented [LS7]: Agreed

Commented [VB8]: This appears to be the same as the definition of "Advances Outstanding" so ordinarily should use the defined term - see also item (v) of Grid Note. If this is different than the defined term, let us know.

Commented [LS9]: Agreed. Program area to confirm?

Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Dedefault and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of

Commented [VB10]: This is a defined term

Commented [LS11]: ok

actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to

such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [VB12]: Defined term

Commented [LS13]: ok

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies~~moneys~~ or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of~~or~~ this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ~~Election Notice~~ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. ~~Borrowing Notice~~BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3)~~3.2~~ of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

~~By: _____~~

Commented [VB14]: Per the terms of our Board Resolution, IESO's CFO is authorized to sign all agreements, instruments and ancillary documents - no second signature line required here

Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment		Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	FHP credit facility agreement Sept 8 OFA.docx
Date:	Monday, September 11, 2017 11:54:13 AM
Attachments:	FHP credit facility agreement Sept 8 OFA.docx

Latest version

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance, ~~. [Either end sentence after "Advance" and delete remainder, OR keep the remainder but insert the words: "~~which shall in any case be] in accordance with Section 2.2~~]~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) ~~the outstanding principal amount of the Grid Note~~Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such A~~a~~dvances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [VB1]: This appears to be the same as the definition of "Advances Outstanding" so ordinarily should use the defined term - see also item (v) of Grid Note. If this is different than the defined term, let us know.

Commented [LS2]: Program area to confirm? Delete if not included in the Grid Note.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment

Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Dd~~d~~efault and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of

actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to

such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Ddefault or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3)

Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies~~moneys~~ or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to

OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of~~or~~ this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ~~Election Notice~~ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. ~~Borrowing Notice~~BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3)~~3.2~~ of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

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By: _____

By: _____

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Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment		Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"
Cc:	William Tan; Sarah Neville; Sarah Harris; John Kim
Subject:	FHP credit facility agreement amended
Date:	Tuesday, October 24, 2017 2:52:48 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5.pdf FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5(....docx

Hi Victor,

Thank you for your voicemail. We are still reviewing the latest version of the intercept letter agreement and will get back to you regarding the IESO's comments shortly.

In addition, we have made an additional minor amendment to the credit facility agreement to add an "Entire Agreement" paragraph, in section 7.8. I've attached a black-lined version, as well as a new execution version (v.5), of the agreement for your review.

Please let me know if you have any concerns with this latest amendment to the credit facility agreement.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Section 7.9~~8~~ Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Sarah Harris
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Thursday, August 17, 2017 4:05:00 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 17.docx

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As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan
Subject:	FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx
Date:	Friday, August 18, 2017 2:02:24 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

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As discussed.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	FHP credit facility agreement draft Aug 2 rev.docx
Date:	Thursday, August 03, 2017 2:57:52 PM
Attachments:	FHP credit facility agreement draft Aug 2 rev.docx

---

Draft

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, ~~or otherwise~~.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context~~

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~~otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

Commented [LS3]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 10, 2017 9:58:24 AM
Attachments:	FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada,~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.~~

~~(6)~~(5) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [TPW4]: I don't think this does anything, and may in fact be detrimental, as we may be able to argue for some kind of PMSI or other security arising from the operation of the OFHP. Useful if "unsubordinated", but not if "unsecured".

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Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy,~~.~~ ~~I~~ insolvency,~~.~~ ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

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If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO, amounts equal to any

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amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $ _____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; William Tan; Bruno Amara
Cc:	Tobias P. Whitfield (MOF)
Subject:	FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Friday, August 11, 2017 4:51:44 PM
Attachments:	FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada., ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

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"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

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(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys~~ies~~ advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each A~~a~~dvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	John Kim
Cc:	William Tan; Sarah Harris; Lisa Stein
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Friday, November 10, 2017 3:58:53 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi John,

Further to our discussion this afternoon, please see the notes re: the definition of "permitted liens" in the attached earlier draft version of the FHP agreement. I'm trying to find the IESO's e-mail that is referenced therein and will send via separate e-mail.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

Commented [LS16]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Jean-Francois Beaupre; William Tan
Cc:	Sarah Harris; Kelly Listoe
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Tuesday, August 01, 2017 11:29:54 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance:	High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

Commented [LS16]: Ok

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	John Kim
Cc:	William Tan; Sarah Harris; Lisa Stein
Subject:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Friday, November 10, 2017 3:58:53 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi John,

Further to our discussion this afternoon, please see the notes re: the definition of "permitted liens" in the attached earlier draft version of the FHP agreement. I'm trying to find the IESO's e-mail that is referenced therein and will send via separate e-mail.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [LS3]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as~~ that term is defined in the OFHP.

Commented [WT4]: To be confirmed.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT5]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS6]: Agreed. Does anyone know why it was included in the first place?

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada~~, Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT7]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS8]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB9]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS10]: Business decision – defer to Electricity Branch

Commented [LS11]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT12]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS13]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS14]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Commented [WT15]: Changed for consistency. In italics in Schedule 3.

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO~~, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB17]: We defer to OFA Legal on this matter

Commented [LS18]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT19]: To be confirmed.

Commented [LS20]: By whom? This language is standard.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB21]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facscimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~m~~. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS22]: Previous wording okay. Why the change?

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]

Commented [LS23]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: FHP credit facility agreement

From: Lisa Stein
To: William Tan
Cc: Caroline Swerdlyk; Sarah Harris
Subject: FW: (draft) OFHP IESO waiver_.OFA legaldocx.docx
Date: Thursday, March 08, 2018 4:28:34 PM
Attachments: (draft) OFHP IESO waiver_.OFA legaldocx.docx

Hi Will,

Further to my e-mail below, I wanted to clarify a couple of points:

- The signatory should be the OFA, not OEFC
- Do we need to consider imposing a specific minimum borrowing period of one day? Or, can the date of the Proposed Advance or Continued Advance be the same date as the new Repayment Date?
- As I was alluding to below, do the interest provisions as currently drafted continue to apply to the Proposed Advance or Continued Advance?

I have discussed this matter with Caroline and she will be available to discuss with you further tomorrow.

Thank you,

Lisa

From: Lisa Stein
Sent: Thursday, March 08, 2018 3:47 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: (draft) OFHP IESO waiver_.OFA legaldocx.docx

Hi Will,

Please see attached my suggested black-lined amendments and comments on the draft waiver.

In addition to the attached comments, have you considered how this daylight borrowing period will work from an operational point of view, for both the new Proposed Advance and the Continued Advance? Will interest still be applicable and how will it be calculated? Do we need to specify further details in the waiver?

As I will be away on vacation starting tomorrow, I have copied Caroline on this e-mail. As previously noted, she will be able to assist you in my absence.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

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March ~~7~~ XX 2018

Kimberly Marshall
Independent Electricity System Operator
120 Adelaide Street, Suite 1600
Toronto, M5H 1T1

Re: **$530,000,000 Borrowing and Election Notice d~~D~~ated March 21, 2018 ~~waiver 5-day minimum advance period.~~**

Dear Kimberly,

The Ontario Financing Authority ("OFA") is in receipt of the Borrowing Notice and Election Notice provided by the Independent Electricity System Operator ("IESO") to the OFA dated March 21, 2018 for ~~the~~ a new P~~p~~roposed A~~a~~dvance of $208,000,000 ~~(the "March 21, 2018 Borrowing Notice")~~ and a proposed Continued Advance of $332,400,560.14 ~~(the "March 21, 2018 Election Notice)~~(the "March 2018 Borrowing and Election Notice") under the ~~FHP~~ Revolving Credit Facility Agreement ~~2017-2022~~ between the IESO and OFA dated November 6, 2017, as amended (the "Credit Agreement"), the terms defined therein being used herein as therein defined.

For the sole purpose of the March ~~21,~~ 2018 Borrowing and Election Notice~~Notice and Election Notice~~, the OFA hereby agrees to ~~modify~~ waive the requirement set out in ~~section 3.2 of the Credit Agreement that the Repayment Date of the Advance which shall not b earlier than 5 days and not later than 95 days after the date of the request Advance. OFA also agrees to modify the requirement set out in~~ section 3.3(1) of the Credit Agreement that a Continued Advance must be ~~any Advance and any amount of interest on such Advance (together, the "Continued Advance")~~for a further period of at least 5 days,~~5 says and up to a maximum of 95 days~~ beginning on the then current Repayment Date.

For greater clarity, for the purpose of the March 2018 Borrowing and Election Notice only, there shall be no minimum number of days required from the date of the Proposed Continued Advance to the New Repayment Date. Pursuant to section 3.3(3) of the Credit Agreement, the Repayment Date of the requested Proposed Advance under the March 2018 Borrowing and Election Notice shall be the New Repayment Date.
~~IESO consents to a Repayment Date of 1 day from the date of the proposed Advance and proposed Continued Advance under the Borrowing Notice and Election Notice, for the full principal amount of the proposed Advance and proposed Continued Advance.~~

Commented [LS1]: Please confirm date; letter provides below that the OFA is in receipt of the notice

Commented [LS2]: Please note and confirm

Commented [LS3]: NTD: There is no requirement to waive section 3.2(!) as the applicable section for a further Advance to be made on the Current Repayment Date is section 3(3), which refers to the New Repayment Date (which shall now have no minimum).

Commented [LS4]: No consent required as requirement for a minimum 5 days is waived.

Accordingly, OFA hereby agrees to waive~~s~~ the requirement for the IESO to certify on the March 2018 Borrowing and Election Notice that the ~~as set out in section 3.2 and Schedule 1 of the Credit Agreement for IESO to provide the following certification in the March 21, 2018 Borrowing Notice:~~

> ~~"(c) The Repayment Date of the Proposed Advance is_____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]"~~

~~Additionally, OFA waives the requirement~~New Repayment Date is not earlier than 5 days after the current Repayment Date for the Advance, as required in section 3.3(2) and Schedule 2 of the Credit Agreement. ~~as set out in section 3.3 and Schedule 2 of the Credit Agreement for IESO to provide the following certification in the March 21, 2018 Election Notice:~~

> ~~"(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]"~~

Subject to the foregoing, ~~section 3.2 and~~ section 3.3 of the Credit Agreement appl~~y~~ies in its entirety~~ies~~ to all future Proposed Advances and Continued Advances.

Best Regards,

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer,
Capital Markets Division

Commented [LS5]: Under Schedule 2 of the Credit Facility Agreement, the New Repayment Date is the same for the Proposed Advance and Proposed Continued Advance.

Commented [LS6]: NTD: This certification is still required; however, no minimum required.

Commented [LS7]: See above comment

From: Lisa Stein
To: Joan Dougherty
Subject: FW: 2018 OFA Business Plan
Date: Thursday, June 14, 2018 10:00:22 AM
Attachments: 2018-21 OFA Business Plan.pdf

FYI. Can you please include this in the corporate docs section on the Legal Portal?

Thank you,

Lisa

From: Nathan Yuen
Sent: Wednesday, June 13, 2018 4:45 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: 2018 OFA Business Plan

Hi Lisa,

Please see attached for the final 2018 OFA Business Plan as requested.

Thanks!
Nathan

2018–21 Business Plan

Approved by the Board of Directors

February 9, 2018
Date

Approved by the Minister of Finance

Signature

Date

The Honourable Charles Sousa
Minister of Finance

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EXECUTIVE SUMMARY

The Ontario Financing Authority (OFA) is a Provincial Crown agency established by the *Capital Investment Plan Act, 1993* (CIPA). The initiatives in the OFA's *2018–21 Business Plan* will focus on achieving the objectives set out in CIPA and the objectives set out in the OFA's mandate letter from the Minister of Finance, delivered on October 3, 2017 over a three year planning horizon, as well as reporting on results of the previous year's Business Plan. Initiatives for the 2018–21 Plan include:

1. Executing the Province's borrowing program through development and implementation of the annual Financing, Debt & Electricity Management Plan. The Plan will provide critical details on the borrowing program, including term structure and diversification objectives, as well as investor relations, liquidity, floating rate, foreign exchange and credit risk strategies, and also outline major risks and risk mitigation strategies.

2. Managing the Province's debt, investments, Ontario Nuclear Funds Agreement (ONFA) and financial risk, and contributing to the development of the Province's fiscal plan and outlook by working to generate savings from liquid reserve investment activities within prudent risk exposure limits, as well as centralized/segregated investment funds for various public bodies. This also involves managing ONFA-related investments, working together with Ontario Power Generation Inc. (OPG), to ensure interest rate, foreign exchange and credit exposures are within approved policy limits, as well as contributing to the Province's annual Budget, Fall Statement and quarterly finances.

3. Managing key financial relationships by building and maintaining connections with investors in both existing and new markets, as well as relationships with banks, financial service providers and investment dealers. This includes providing Investor Relations information products and updates on the OFA website. Maintaining close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status, priorities, and initiatives, and complete regulatory filings with the U.S. Securities & Exchange Commission (SEC) and any other applicable securities regulators.

4. Providing cash management and banking services on a centralized basis to all ministries and settlement, payment, financial and reporting, loan administration, information technology and client services to the Treasury Program by implementing effective treasury solutions for the Province and client agencies. Ensuring that the Province has sufficient cash available at all times to meet its financial obligations, and continuing to work with the other ministries to advise on banking and cash management components of government initiatives, as well as, on changes to accounting standards and their impact on the Province's debt and interest on debt (IOD).

5. Advising on and implementing corporate and electricity finance projects and policies by providing analysis and advice on cost-effective borrowing, investing and risk management by public bodies and other financing proposals, and on business cases for business supports. This includes providing advice on transactions that may affect the indebtedness or contingent liabilities of Ontario, including provincial guarantees. In addition, undertaking policy and financial analysis, modelling support and implementation, as required, for electricity financings, policies and initiatives, including OPG, the Independent Electricity System Operator (IESO), and ONFA, which could have fiscal, financial and/or economic implications for the Province and/or Ontario Electricity Financial Corporation (OEFC).

6. Ensuring the successful activation of OFA's decentralized Business Continuity Plan (BCP) by reviewing and updating the Corporate BCP Framework and Business Unit plans, as well as conducting corporate-wide BCP test exercises.

OVERVIEW OF 2017–18 RESULTS (TO DATE)

The Ontario Financing Authority (OFA) accomplished the following in support of the overall strategic directions outlined in the 2017–20 Business Plan[1]:

1. *Execute the Province's borrowing program*

- As of January 30, 2018, the OFA had completed $28.6 billion (110.9 per cent) of its $25.8 billion (as per the 2017 Fall Economic Statement) long-term borrowing requirement for 2017–18. Approximately 69 per cent of long-term borrowing was completed in the Canadian dollar market.
- The 2017–18 Ontario Savings Bond (OSB) campaign raised $64 million.
- The objectives set out in the 2017–18 Financing, Debt & Electricity Management Plan, approved by the OFA Board, are on track and expected to be successfully completed by fiscal year end.
- Sufficient liquidity has been available over the fiscal year to ensure the Province has been able to meet all of its financial commitments and payment obligations, largely reflecting the long-term borrowing program being consistently ahead of pace.
- Successfully executed 4 carve-out deals[2] to-date for the 2017–18 fiscal year (as of January 23, 2018). Held in-depth discussions with individual carve-out investors.
- On January 25, 2018, the Province successfully priced a $1 billion Green Bond. The 7 year bond will help fund seven green infrastructure projects, with an emphasis on clean transportation and energy efficiency and conservation. The transaction represents the fourth and largest Green Bond offering from the Province of Ontario.
- Provided expertise in accounting for Green Bonds, and set up financial accounting and reporting for these investment vehicles that met the requirements outlined by the investor community. Developed and released a third Green Bond newsletter on December 21, 2017, updating investors on the third Green Bond's use of proceeds, and project selection process, as well as, providing project updates on the 13 projects selected.
- Analyzed the scope and impact of the Markets in the Financial Instruments Directive (MiFID) II and the Bank Recovery and Resolution Directive (BRRD) on the Province and implemented required documentation changes to ensure the Province's continued, uninterrupted access to European capital markets.

2. *Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook.*

- The OFA has replaced its traditional methodology for performance management with a more accurate and comprehensive performance measurement methodology based on the tenor of individual debt issues. Applying this methodology, the cost of regular borrowing for the Province as of January 25, 2018 translated to a percentile ranking of 55th percentile, falling within the target band of 45 to 55 percentile. The cost of strategic foreign borrowing as of January 25, 2018 translated into a percentile ranking of 76th percentile, worse than the designated target band for strategic foreign borrowings of 50 to 75 percentile.
- The money market performance was $8.1 million or 3.7 basis points (bps) better than the benchmark as of December 29, 2017. The performance is 1.7 bps better than the upper limit of the target band which is plus or minus two bps over the benchmark.

---

[1] The OFA's fiscal year end is March 31, 2018, but quantitative performance results are as of December 31, 2017, unless otherwise noted.

[2] In order to accommodate large bond purchases by a single buyer, a large order procedure was implemented on October 14, 2011. The "carve-out" procedure allows for a portion of a bond issue to be sold to a single buyer.

- The IOD expense for 2017–18 is currently forecast at $12,246 million, consistent with the forecast in the *2017 Budget*.
- Funds were managed on a discretionary basis on behalf of the Pension Benefits Guarantee Fund, Deposit Insurance Corporation of Ontario, Ontario Trillium Foundation, Infrastructure Ontario, and a commitment fund for the Ontario Capital Growth Corporation.
- Funds were managed on a non-discretionary basis on behalf of the Ontario Immigrant Investor Corporation and Northern Ontario Heritage Fund.
- With OPG, the Used Fuel and Decommissioning Segregated Funds' investments were managed under ONFA. The Funds have grown from about $19.4 billion at December 31, 2016 to about $20.3 billion at September 30, 2017. As of October 31, 2017, the rate of return for the Used Fuel Fund for one year was 10.26 per cent compared to the market benchmark of 8.65 per cent and a target rate of return of 4.63 per cent. The rate of return for the Decommissioning Fund for one year was 10.04 per cent compared to the market benchmark of 8.72 per cent and a target rate of return of 5.15 per cent.
- Contributed to the Province's annual Budget and quarterly finances, providing financial analysis and modelling to support the electricity sector outlook and assets; advised on the potential implications of initiatives on IOD, borrowing objectives, credit ratings and financial markets' reactions.
- Administered borrowing authority obtained under the *Financial Administration Act* (FAA) which is required to carry out the Province's borrowing program.

3. *Manage key financial relationships*

- Held road shows, investor meetings and conference calls to meet with investors in Canada, the United States, Europe and Asia, and hosted meetings at the OFA offices. Held 88 investor meetings and events as of December 31, 2017, including meetings with 12 new accounts. Provided keynote speakers and panelists at industry conferences in Toronto and New York City. Promoted Toronto as a global financial centre.
- Continued development of the OFA website to improve functionality, added additional information for investors and provided full mobile accessibility. As part of Ontario's *Open Data Directive,* the OFA published an Open Data Inventory List on its website, which includes all of the datasets the OFA creates, collects and/or manages. The website continues to be an important tool for communicating with investors and the public, receiving 27,831 visitors during the 2017 calendar year. Three CEO's Corner updates were posted over this time. The OFA email alert list had 385 subscribers as of December 31, 2017, as compared to 363 subscribers at the end of 2016.
- Maintained close relationships and held ongoing discussions with credit rating agencies and the banks which underwrite and distribute the Province's bonds in Canada and around the world to keep them apprised of government priorities and initiatives, the *2017 Budget*, the 2016–2017 Public Accounts, the *2017 Ontario Economic Outlook and Fiscal Review* (Fall Statement), the Province's final public offering of Hydro One common shares upon its public announcement and other quarterly finance releases.
- Managed increasingly more rigorous regulatory and disclosure requirements, and maintained close relationships with the regulatory bodies in the global capital markets.
- Monitored credit exposures to banks with which the OFA has relationships. The OFA has 10 collateralized swap agreements in place with banks to mitigate credit risk.
- Conducted comprehensive reviews of potential rule changes affecting the Province domestically and internationally such as the Market Abuse Directive (MAR) in the European Economic Area (EEA) and fee-based changes with Canada's primary central securities depository (CDS), consulting securities regulators and other capital market participants, as appropriate.
- Monitored and fully complied with international withholding tax requirements in respect of its financial agreements under FATCA and OECD Common Reporting Standard for Entity Tax Residency.

4. *Provide cash management and banking services as well as settlement, payment services, loan administration and financial and reporting services and client services*

- Provided centralized banking services to the Province by strategically managing banking relationships; provided efficient centralized cash management services to the Province, thereby contributing to lower IOD.
- Continued to provide cash management services to five client agencies and crown corporations, including the Pension Benefits Guarantee Fund, Ontario Capital Growth Corporation and the Deposit Insurance Corporation of Ontario.
- Managed the complex cash flows and settlement requirements associated with the Province's final public offering of Hydro One common shares ensuring that these very large and time sensitive transactions were completed on a timely and accurate basis.
- Continued to advise ministries on the application of the Cash Management Directive with regard to Government priorities including the proposed cap and trade mechanism for Ontario.
- Leveraged higher deposit returns from banks to strategically invest the Province's liquid reserves for higher overall returns.
- Continued strategic participation and advice to the cross-ministry Working Group, Executive Governance Committee and Payment Card Industry (PCI) Enterprise Coordination Office to ensure that ministries continued to maintain compliance with mandatory security requirements for debit/credit card acceptance.
- Continued to monitor and assist the Ministry of Community and Social Services on implementation of reloadable prepaid benefit cards for unbanked individuals receiving Ontario Disability Support Benefit payments thus providing both cost efficiencies and improved services to Ontarians.
- Provided analysis and advice to Ministry of the Environment and Climate Change (MOECC) on the structuring of the Province's proposed Cap and Trade auction program, which will be linked with those of California and Quebec, to ensure its sound financial management and protection of the Province's interests and also regarding the selection and management of a financially sound Financial Services Administrator to support the auction process.
- Provided advice on the banking requirements to facilitate the retail sales of Cannabis.
- Provided advice to the Ministry of Government and Consumer Services (MGCS) on their corporate purchasing / travel card program as well as analysis of related *Financial Administration Act* considerations. To date, the OFA's contribution has resulted in MGCS implementing changes to the guarantee of cash advances obtained by government employees under the travel card program which have significantly reduced risk exposure to the Province.
- Provided analysis and advice to ministries on payment options for new programs and program changes e.g. Ministry of Transportation High Occupancy Toll Lane project, Ministry of Advanced Education and Skills Development online collection of childcare license fees, and online Program Approval and Registration Information System for private career colleges, Ministry of Northern Development and Mines Forestry Trust, Ministry of Health and Long Term Care various health agencies banking operations (including LHINs and CCAC's merger implications), Ministry of Attorney General court services modernization.
- Worked closely with MOF as a stakeholder on their Transformation of Revenue Processing, Image Capture and Data Entry initiative as well as provided advice on their Basic Income Pilot program.
- Provided advice to various new public entities on structuring their banking arrangements including possible use of the Vendor of Record for banking services established by the OFA: Financial Services Regulatory Authority (FSRA) and Ontario Climate Change Solutions Deployment Corp (GreenON).
- Following a competitive tender, awarded the custodial and settlement services contracts for the Province, OFA, OEFC, OILRC, and ONTC Pension subject to contract finalization, in progress.
- Supported and worked with Legal Branch and Cash Management to implement enhanced interest on bank balances with select banks thereby contributing to higher returns on the OFA's cash reserves.
- Continue to engage with provincial and federal counterparts on treasury and cash management program issues throughout the year. Hosted a Federal/Provincial/Territorial Treasury Round Table meeting to discuss jurisdictional banking issues/development.

- Continued to provide timely and efficient settlement and payment services in managing the Provincial and OEFC debt portfolios and Non-Utility Generator (NUG) power purchase contracts.
- Continued to work with MOF, MGCS and Treasury Board Secretariat (TBS) in advancing the OFA initiative to move pension plan assets that are currently part of the Consolidated Revenue Fund into more appropriate asset management structures that have the potential to release up to $50 million in annualized savings.
- Continued to work with Deloitte and the other provinces in communicating concerns with the Financial Instruments standard to the Public Sector Accounting Board (PSAB). It appears that PSAB is now seriously considering the development of a hedging option that will address one of the provinces' main concerns.
- Continued to provide accurate agency financial statements, as well as reported provincial debt, derivatives and investments in accordance with strict legislated timelines. As in past years, the OFA's 2016–17 Financial Statements received an unqualified opinion from the Office of the Auditor General. The Auditor General's annual review of the OFA's financial reporting of the Province's debt and IOD presented in the 2016–17 Public Accounts continued to be free of material issues.
- The OFA continued to be part of the Infrastructure Development Leadership Council, a high level government committee that recommends delivery methodology for all infrastructure projects over $100 million.

5. *Advise on and implement corporate and electricity finance projects and policies*

- Advised on capital projects and financing options for ministries and public sector entities.
- Continued the review of business cases for OFA borrowing requests from public bodies including a number of Ontario colleges, universities and corporations, expected to result in a total of $400 million in new long-term loans. Loan program annual savings are estimated to be at least $29 million per year for a total of approximately $260 million in cumulative savings to date.
- Continued to provide advice on municipal debt issuance and investment activities, including the expansion of the Prudent Investor standard to other large municipalities and on the Ministry of Municipal Affairs and Housing new municipal revenue tools strategy.
- Monitored terms and conditions of loans and loan guarantees and reviewed proposals and provided advice to the Deputy Minister and the Minister on proposed options to amend the loan guarantees and associated loan and contracts.
- Provided analysis and advice on the Province's investment in the Ontario Venture Capital Fund, the Northleaf Venture Catalyst Fund, Ontario Emerging Technologies Fund and the ScaleUp Ventures Fund. The CEO serves on the Board of Directors, and is a Vice-Chair of the Ontario Capital Growth Corporation (OCGC), which manages the Province's interests in these four funds.
- Provided analysis and advice to the MOECC on the establishment of a new climate change agency tasked with the implementation of the ministry's carbon reduction programs.
- Advised on and reviewed proposed contingent liabilities and indemnity agreements put forward by ministries and public bodies that would increase the indebtedness of the Province, including contingent liabilities and indemnities for major infrastructure projects, accommodation leases or broader public sector borrowing.
- Provided analysis and advice to the MOECC on the design of the Province's cap and trade auction program as well as the procurement of a financial services provider to the WCI Inc. to provide administrative support to that program.
- Providing analysis and advice on the application of Section 28 of the *Financial Administration Act* to contracts entered into by public entities that would increase the indebtedness or contingent liabilities of the Province.
- Led the development of a new protocol for the sharing of powers and responsibilities under Section 28 of the *Financial Administration Act* between the Minister of Finance and the President of Treasury Board.

- Provided advice on terms and conditions of MOF loan to the Financial Services Regulatory Authority (FSRA) to cover its start-up costs.
- Provided advice on MOF's Government Business Enterprise Division (GBED) loans to US Steel Canada (Stelco) to support its corporate restructuring costs.
- Worked with the MOF's Cannabis Retail Implementation Project Division and IO and provided analysis and advice on the provision of an OFA loan to the Ontario Cannabis Retail Corporation (OCRC) to cover its start-up costs.
- Provided advice to the Ministry of Advanced Education and Skills Development (MAESD) on its greenhouse gas reduction program to colleges and universities supporting OFA loans to implement campus energy retrofit projects.
- Provided analysis and advice in support of the Ministry of Energy moving forward with the Province's final secondary offering of Hydro One common shares, executed in May 2017.
- Provided advice alongside MOF to help facilitate the sale of Hydro One common shares to First Nations in Ontario in December 2017 – in support of broadening the ownership of Hydro One by the Province.
- As part of the government's asset optimization initiative, worked with Infrastructure Ontario and other areas of government, provided analysis and advice in support of unlocking the value of the Province's real estate assets, including the sale of OPG headquarters properties in April 2017, OPG's Lakeview property, and Seaton lands.
- Provided policy analysis and advice on the Trillium Trust, including on designating net revenue gains from qualifying assets and on the framework for making disbursements from the Trillium Trust to receiving ministries in support of public infrastructure investments.
- Provided financial analysis and advice on continuous management and implementation of the commercial agreement with Borealis/Teranet for the electronic land registry system.
- CEO served on the Assistant Deputy Ministers' review committee of the Jobs and Prosperity Fund.
- Provided analysis, advice, and the fiscal impact of the electricity sector and asset optimization initiatives for the Province's annual Budget, Fall Statement, Public Accounts and quarterly finances.
- Supported electricity policies and initiatives, focusing on potential fiscal, financial, and economic impacts on the Province and OEFC, including analysis and advice to support implementation and expansion of the Industrial Electricity Incentive (IEI); expanding the Industrial Conservation Initiative (ICI); implementation of the Northern Industrial Electricity Rate (NIER) program and its review process, ongoing implementation of the Ontario Fair Hydro Plan Act, 2017 ("Fair Hydro Act"), the rebate for residential, small business and farm electricity bills of an amount equal to the eight per cent provincial portion of the Harmonized Sales Tax (HST) or the Ontario Rebate for Electricity Consumers (OREC) and refinancing a portion of the Global Adjustment; and providing analysis and advice on the unfunded liability of OEFC.
- Provided analysis and advice on proposed new loans facilities and continued to implement new and existing loan agreements between OEFC and OPG for general corporate purposes and related to supply projects, and refinancing debt maturities.
- Renewed and expanded credit facilities between OFA and the Independent Electricity System Operator (IESO) for liquidity purposes, including as required for the IESO to implement its obligations under the Fair Hydro Act.
- Continued to implement the Aboriginal Loan Guarantee Program (ALGP) to facilitate Aboriginal equity participation in renewable energy and transmission projects. As of December 31, 2017, nine guarantees totalling approximately $250 million have been approved under the ALGP. All applications are reviewed in conjunction with one or more third party due diligence providers.
- Continued to implement the ONFA, including monitoring the segregated fund values, monitoring OPG's implementation of its 2017 Reference Plan, reviewing for approval OPG's ONFA Annual Budget submissions and disbursement eligibility and requests, monitoring the provincial guarantee provided under ONFA to the end of 2017 to the Canadian Nuclear Safety Commission (CNSC) and the ONFA access agreement with the CNSC as part of OPG's financial guarantee requirement to the

CNSC, and providing analysis and advice in respect of OPG's submission to the CNSC for its financial guarantee for the 2018–2022 period.

- Provided analysis and advice on electricity supply initiatives, including nuclear refurbishments.
- Provided continuous support on discussions related to developing infrastructure and projects in the Ring of Fire.
- Provided analysis and advice on policies to support the consolidation of Ontario's electricity Local Distribution Company sector.

6. *Ensure the successful execution of the OFA's decentralized Business Continuity Plan (BCP)*

- Reviewed and updated the Corporate BCP Framework.
- Business Units conducted monthly tests, ensuring their respective plans are reviewed and updated.
- Carried out two corporate-wide BCP test exercises, and implemented improvements to the Plan based on the results of these tests.
- Reviewed corporate BCP Command and Support Team membership.

2018–21 OBJECTIVES

Key objectives for 2018–21 include the following, as set out in the OFA's mandate letter from the Minister of Finance, delivered on October 3, 2017:

1. Execute the Province's borrowing program
2. Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook
3. Manage key financial relationships
4. Provide services related to cash management, banking, settlement, payment, financial and reporting, and client services
5. Advise on and implement corporate and electricity finance projects and policies

In addition to the foregoing, the OFA has also identified the following additional key objective:

6. Ensure the successful execution of the OFA's decentralized Business Continuity Plan

Total Revenues and Expenditures

(in thousands of dollars)	2017–18		Forecasts*		
	Budgeted	**Interim Forecast**	**2018-19**	**2019-20**	**2020-21**
Total Revenue	30,804	30,946	31,472	30,809	30,650
Total Expenditure	27,499	27,460	27,981	27,498	27,518
Net Income	**3,305**	**3,486**	**3,491**	**3,311**	**3,132**

Further detail can be found in the Financial Budget contained in this plan.

*Forecasts represent the submission through the 2018–19 Program Review, Renewal & Transformation (PRRT) process to Treasury Board and are subject to Treasury Board approval. Preliminary indications are that the OFA's request for 2018-19 is likely to be approved, however, the allocations for the two out years will revert back to the 2017-18 approvals. Based on current compensation levels, unless additional budgetary relief is approved in next year's PRRT, the OFA may encounter salary and wage pressures in 2020-21.

MANDATE AND GOVERNING LEGISLATION

The Ontario Financing Authority (OFA) is a Provincial Crown agency established by the *Capital Investment Plan Act, 1993* (CIPA). CIPA sets out the objectives of the OFA. The OFA:

- conducts borrowing and investment for the Province of Ontario and manages the Provincial debt;
- provides cash management and other financial services for the Province;
- advises ministries, Crown agencies, and other public bodies on financial matters; and
- assists Crown agencies and other public bodies to borrow and invest money through external sources or through the OFA.

The OFA also provides a broad range of financial services to the Ontario Electricity Financial Corporation (OEFC) and Ontario Infrastructure and Lands Corporation (Infrastructure Ontario or OILC).

The FAA also sets out certain financial powers which OFA employees exercise on behalf of the Minister of Finance to carry out the Province's borrowing, manage the Province's debt and invest its liquid reserves.

OVERVIEW OF CURRENT AND FUTURE PROGRAM AND ACTIVITIES AND IMPLEMENTATION PLAN: 2018–21

Activities will focus on supporting the following strategic directions:

1. *Execute the Province's borrowing program*

Overview

The OFA endeavours to ensure that borrowing by the Province and OEFC is cost-effective. Total long-term public borrowing is forecast at $32.2 billion in 2018–19 and $37.8 billion in 2019–20. This year's objectives may be challenging to implement due to the state of the global economy/market and the resource constraints within which the OFA is operating. Furthermore, borrowing blackouts can limit the amount of time in which the OFA can access the market. Other challenges include:

- high amount of borrowing required for the Province, including the amount that will have to be undertaken outside Canada;
- competition in the markets from other large domestic and international borrowers;
- evolving regulatory requirements such as Basel III, Dodd-Frank and EMIR that continue to make hedging of foreign debt more expensive and a challenge to execute in the size required by the Province;
- potential challenges for Ontario's credit rating. A downgrade may result in borrowing costs increasing; and
- management of downgrading or failure of counterparties, and continued implementation of collateralized swaps to mitigate credit risk.

Implementation Plan

- Develop the annual Financing, Debt & Electricity Management Plans for OFA Board approval and transmission to the Minister. These plans provide detail on the borrowing program, including term structure and diversification objectives, as well as investor relations, liquidity, floating rate, foreign exchange and credit risk strategies, as well as outline major risks and risk mitigation strategies.
- Meet the Province's funding requirements, anticipated to average about $35 billion annually for the business plan period, in a cost-effective and prudent manner.
- Manage the Ontario Savings Bond campaign.
- Continue to monitor the Green Bond market to identify future issuance opportunities under its Green Bond Program.

2. *Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook*

Overview

The OFA manages the debt and liquid reserve portfolios, as well as centralized/segregated investment funds, for various public bodies, and jointly manages the Ontario Nuclear Funds with OPG. Financial risks associated with capital market activities are mitigated by adhering to prudent risk management policies which minimize financial risk by ensuring exposures and losses remain within approved limits. Risk management policies and program exposure limits are reviewed and approved by the OFA Board of Directors on an annual basis. The OFA also contributes IOD, borrowing, debt management and total and net debt objectives, and electricity sector fiscal impact projections to the Budget, Fall Statement and other quarterly financial updates.

Implementation Plan

- Generate savings from liquid reserve investment activities within prudent risk exposure limits, as well as centralized/segregated investment funds, for various public bodies. Manage ONFA-related investments, working together with OPG.
- Ensure interest rate, foreign exchange and credit exposures are within approved policy limits.
- Contribute to the Province's annual Budget, Fall Statement and quarterly finances, including the electricity sector outlook; advise on the potential impact of initiatives on IOD, total and net debt and the net debt-to-GDP ratio, borrowing objectives, credit ratings and financial markets' reactions. Continue playing an important role in the development of the Province's annual Budget and quarterly statements through the provision of timely and accurate financial information, and preparation of the Borrowing and Debt Management section of the Budget and Fall Economic Statement.
- Review and refine the new methodology based on assessing individual debt issues by tenor, to measure the performance of the borrowing program.
- Continue to implement applicable changes as per financial and regulatory reform requirements including evolving effects from Basel III, EMIR and Dodd-Frank. These regulations are expected to continue to make the OFA's hedging process more complex. Hedging may also continue to become more expensive if proposals such as financial transaction taxes or mark-to-market derivatives taxes are legislated and implemented in Europe or the United States.

3. *Manage key financial relationships*

Overview

The OFA ensures investors and the financial community in Canada and abroad receive financial updates on a timely basis to make informed decisions about Province of Ontario debt securities. Investor Relations activities support borrowing program objectives by maintaining and broadening the Province's investor base. The OFA also ensures credit rating agencies understand government policies, budget, and fiscal performance, properly reflecting these factors in their reports and rating decisions.

The OFA manages the government's relationships with financial institutions, primarily the major Canadian and global banks, their investment dealer subsidiaries, and custodial and fiscal agents. This involves the acquisition and oversight of cost-effective products and services for the Province and certain Crown corporations.

Implementation Plan

- Support the Province's borrowing program by building and maintaining relationships with investors in existing and new markets. Provide Investor Relations information products, including updates to the OFA website, on a timely basis.
- Maintain close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status, priorities, and initiatives.
- Manage Ontario's relationships with banks, financial service providers and investment dealers.
- Complete regulatory filings with the U.S. Securities & Exchange Commission (SEC), United Kingdom Listing Authority (UKLA), Luxembourg Stock Exchange (LuxSE), Australian Securities Exchange (ASX) and any other applicable securities regulator. Conduct due diligence conference calls, as required, with the dealers and underwriters of the Province's debt securities offerings and their legal counsel.
- Implement and maintain collateralized swap agreements with bank counterparties to limit potential financial losses as a result of a credit event.

- Manage changes in financial and regulatory reform, liaising with regulators and legal counsel, as required.

4. *Provide services related to cash management, banking, settlement, payment and financial and reporting*

Overview

The OFA provides centralized banking and cash management services to the Province. The effective provision of these services allows for the efficient delivery of provincial services and contributes towards minimizing IOD expenditures. The OFA is responsible for settlements, payments and accounting/reporting functions associated with the Province's and OEFC's debt management programs, as well as agency financial reporting.

Implementation Plan

- Identify and implement effective treasury solutions for the Province and client agencies.
- Ensure that the Province has sufficient cash available at all times to meet its financial obligations.
- While compliance with PCI Data Security Standards is now in its sustainment phase, the OFA will continue to work with the other OPS stakeholders and the credit/debit card acquirer to ensure that the mandatory external reviews continue to report that the Province is in compliance with all applicable PCI data security standards which are reviewed and updated periodically by the PCI Council.
- Continue to work with TD Merchant Services, the Province's card acquirer, to explore options for the Province to begin accepting new value-added card products and technology.
- Continue to work with the Ministry of Community and Social Services on refining the reloadable payment card as a more efficient payment mechanism for unbanked benefit recipients under the Ontario Disability Support Program.
- Continue to advise ministries and agencies on the banking and cash management components of new banking solutions, as well as on government initiatives including modernization and suitable banking options, along with associated legal and regulatory aspects.
- Continue to collaborate with industry associations and provincial and federal jurisdictions on modernization initiatives and issues unique to the public sector.
- Continue the delivery of timely and accurate settlement/payment services for the Province and OEFC, including OEFC power supply contract settlements.
- Continue to work with the Ontario Pension Board, MOF Income Security and Pension Policy Division and TBS on the first phase of regularizing the management of various pension plans whose assets reside in the Consolidated Revenue Fund. This is a very complex project that requires assent from Ontario judges and is moving ahead slowly; however, it is anticipated that the regulated portion of the assets of the Judges' Pension Plan will be moved to IMCO in 2018-19 with resultant IOD savings.
- Provide timely and reliable net debt and total debt estimates for the 2018 Annual Budget and the Province's quarterly reports during the fiscal year including for the Fall Statement.
- Continue to provide timely and accurate financial reporting for the Province on debt, derivatives and investments. Continue to provide timely and accurate agency financial statements that pass the scrutiny of the OFA Board and the Office of the Auditor General.
- Work with the Office of the Auditor General in their proposed value for money audit of borrowing and debt management.
- Continue to work with the Office of the Provincial Controller on providing feedback on Chapter 2 of the Annual Report of the Auditor General of Ontario that deals with Ontario's Public Accounts.
- Continue to monitor and assess any new accounting developments of the International Public Sector Accounting Standards Board, the Financial Accounting Standards Board in the U.S., the Accounting

Standards Board and the PSAB of the Chartered Professional Accountants of Canada that affect reporting for the Province and its agencies.

- Assuming PSAB follows through on its preliminary proposal to develop a hedging option in the Financial Instruments standard, work closely with PSAB and the other provinces with the help of Deloitte in providing value-added contribution to this project. Continue to communicate the other concerns of the provinces' to PSAB. Continue to liaise with the Office of the Provincial Controller and, where required, the Office of the Auditor General of Ontario in communicating with PSAB.

5. *Advise on and implement corporate and electricity finance projects and policies*

Overview

The OFA provides financial modelling, analysis and advice to the Ministry of Finance, other ministries, OEFC, Crown agencies, and other public bodies, on financial policies and projects, electricity sector policies and initiatives, and borrowing from capital markets. The OFA also provides assistance in structuring and completing financial transactions, and securing and using private sector financial advisers. The OFA is the policy lead for the Trillium Trust and will also continue to work with the Ministry of Finance, other ministries, and Infrastructure Ontario on on-going asset optimization initiatives, including unlocking the value of certain real estate assets, and, for designated assets, the dedication of net revenue gains to the Trillium Trust.

The OFA will also continue to support and facilitate the implementation of a number of other government initiatives, including the Cap and Trade Program, and investing in Ontario's venture capital sector.

Implementation Plan

- Provide analysis and advice on business cases and other financing proposals. Develop the structure and negotiate the detailed terms and conditions of transactions to minimize costs and best meet market expectations.
- Provide advice on cost-effective borrowing, investing and risk management by public bodies.
- Provide advice on transactions requiring a provincial guarantee or those that may otherwise increase the indebtedness or contingent liabilities of Ontario.
- Develop interest rate and other borrowing, investing and risk management policies, and advise ministries, agencies and public bodies on interest rates and other financing issues.
- Support initiatives for Ontario's various industry sectors.
- Provide continued support for the government initiative on OFA loans to public bodies.
- Provide support to the government on Ministry of Finance loans and loan guarantees as required.
- Continue to provide advice to ministries, Crown agencies and other public bodies on financing, loan structuring and credit enhancement strategies.
- Provide advice as required on evaluating the Province's assets, including investments in its business enterprises, and analysis and advice on asset optimization to enhance efficiency and maximize value.
- Provide policy and financial analysis, and modelling support, as required, for electricity policies and initiatives that could have fiscal, financial and/or economic implications for the Province and/or OEFC, including the following:
  - Ongoing implementation of the Fair Hydro Act, including refinancing a portion of the global adjustment, and *The Ontario Rebate for Electricity Consumers Act, 2016.*
  - Ongoing implementation of the Industrial Electricity Incentive program.
  - Ongoing implementation of the NIER program.
  - Expanding the Industrial Conservation Initiative.
  - Electricity supply and conservation initiatives.

- Provide financial due diligence and advice to the Minister of Finance on applications received under the ALGP.
- Monitor and provide electricity sector fiscal and financial projections for the Province and OEFC, including analysis and advice to the Minister of Finance on the stranded debt, as well as continued reporting on OEFC's revenue sources (e.g. payments in lieu of taxes, the gross revenue charge) and expenses (e.g. IOD).
- Provide analysis and advice to support the effective administration of ONFA and other initiatives related to nuclear liabilities, including monitoring and reviewing OPG's implementation of its ONFA Reference Plan as updated from time-to-time, approval of yearly ONFA budgets including investment related expenses, and monitoring the value of ONFA funds to ensure that it continues to satisfy CNSC's financial guarantee requirement for the 2018–2022 period.
- Provide analysis and advice on nuclear supply, financing and cost recovery issues, including for nuclear refurbishments.
- Continue to monitor, review and support policy discussions on developing the Ring-of-Fire.
- Continue to work closely with staff at the Ministry of Research Innovation and Science and OCGC on approaches for managing the Province's investment in the Ontario venture capital sector. Support the CEO's role as Vice Chair of the OCGC Board.
- Provide analysis and due diligence related to applications to the Jobs and Prosperity Fund and relevant Eastern Ontario Development Fund and Southwestern Ontario Development Fund applications.
- Continue to support the government's asset optimization initiative by providing financial analysis and advice, and dedication of net revenue gains from these transactions to the Trillium Trust to support investments in infrastructure.
- Provide coordination and oversight of certain real estate asset optimization initiatives, such as, the divestment of the Seaton lands.
- Provide policy analysis and advice with respect to the Trillium Trust to help support investments in transit, transportation and other priority infrastructure.

6. *Ensure the successful activation of OFA's decentralized Business Continuity Plan (BCP).*

Overview

The BCP remains in place and is updated as required to be successfully activated so staff can complete critical time-sensitive tasks in the event of a business disruption.

Implementation Plan

- Review and update the Corporate BCP Framework.
- Review and update Business Unit plans.
- Plan and conduct corporate-wide BCP test exercises.
- Review corporate BCP Command and Support Team membership.

Implementation of the above strategic directions will require regulatory compliance and reliable information technology.

RISK IDENTIFICATION AND ASSESSMENT

Accountability	Risk Assessment	
P Primary	L Low	H High
X Additional	M Medium	EH Extremely High

Summary Table

Risk Assessment Summary		Accountable Business Division						Risk Assessment		
		Capital Markets	Corporate & Electricity Finance	Finance and Treasury	Legal	Risk Control	Strategic Corporate Services	Likelihood	Impact	Overall Assessment
Strategic Risks	Strategic / Policy Risk	P	X			X		L	EH	**H**
	Meeting Stakeholder Expectations	P		X				M	EH	**H**
	Public Image	P		X				L	H	**M**
	Quality of Relationship with Stakeholders	P		X		X		L	H	**M**
Accountability / Governance	Governance, Information, and Regulatory Compliance	X		P	X			L	H	**M**
	Risk and Issue Management			X		P	X	L	EH	**M**
	Statutory Requirements are met				P			L	H	**M**
	Reliability of Financial Systems			P				L	H	**M**
Operational	An economic slowdown straining the fiscal plan, thus affecting the borrowing program	P						M	H	**H**
	Financial Market Risk	X				P		M	H	**H**
	Inability to complete the borrowing program due to market breakdown or loss of faith in the Province's ability to repay debt	P						L	EH	**H**
	Risk of credit rating downgrade	X				P		M	H	**H**
	Credit Risk	X				P		L	H	**M**
	Electricity related policy, price and other risk		P					M	M	**M**
	Operational, including systems, internal control, and reputation risks	X	X	X	X	X	P	L	H	**M**
	Service Providers (e.g. custodians, fiscal agents, banks, etc.)			P				L	M	**L**
	Low investment returns or inadequate investment controls on nuclear funds	P						M	H	**H**
	Default on Loans to Public Bodies		P					L	L	**L**
	Default on Guarantees under the ALGP		P					L	L	**L**
	Increased borrowing to fund loans to public bodies		P					L	L	**L**
	Government Cost Constraints			P				M	H	**H**
Workforce	Employee Fraud			P				L	M	**L**
	Human Resource Risk	P	P	P	P	P	X	M	EH	**H**
Information Technology and Infrastructure	Privacy and Security						P	L	M	**L**
	Business Continuity						P	L	H	**M**
	Procurement			X			P	M	M	**M**

Risk Identification, Assessment, Mitigation Strategies
The following section identifies potential risks that could impact the entire organization in its ability to successfully deliver its programs and activities on behalf of the Province.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Risk Category: STRATEGIC **RISK AREA: Strategic:** Risks related to implementing (or not implementing) new policies or changes to existing policies (e.g., misalignment of agency policies with those of the OPS). The risk that strategies and policies will fail to achieve required/targeted results. The risk of failing to provide value for money or cost-effectiveness. This can include existing policies that may be affected by changes in systemic and external factors including the economy, technology, climate change and political environment.					
Strategic/ Policy Risk Primary Accountability: Capital Markets Division	Strategies and policies fail to achieve required results. Prime examples are failing to meet the borrowing requirements and failures in implementing core risk management strategies.	LOW Past experience indicates that the likelihood of major strategic failures is relatively **low** as they cannot always be eliminated. There are elements of borrowing and risk management which are outside the Province's control which can negatively impact required results. For example, financial conditions could result in higher interest costs or interest rate risk than anticipated or refinancing risk in future years may be much higher than desired if investor demand for longer term bonds is substantially reduced.	EXTREMELY HIGH The financial consequences of strategic failures in borrowing or risk management strategies and associated policies can be **extremely high**, and the annual Financing, Debt & Electricity Management Plan outlines strategies which attempt to address the challenges, including contingencies for unexpected events. In addition, management monitors major market and policy developments throughout the year very closely and will develop and implement new strategies and policies if conditions warrant. Even though the likelihood of major strategic failures is low, the impact remains extremely high resulting in an overall high risk assessment.	HIGH	Strategic plans and policies to mitigate strategic and policy risk are initially developed and implemented in a thorough manner as outlined in the OFA's annual Financing, Debt & Electricity Management Plan ("the Plan"). This includes an analysis of risk factors and contingency plans. The Plan is approved by the respective Boards (OFA and OEFC) and receives input from Board members. Market conditions and policy developments are monitored on a continual basis throughout the year to identify new and emerging developments which could impact strategic and/or policy risks. Existing control strategies are modified as required to mitigate adverse developments. Procedures are in place to ensure that staff are aware of relevant policies. Policy violations are rare, and a robust control framework exists to identify violations quickly. Most violations would not have a large enough impact to threaten achieving required strategic results.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Meeting stakeholder expectations Primary Accountability: Capital Markets Division	The risk that the OFA may fail to meet stakeholder expectations, including those of the Province and other public bodies. Stakeholder expectations include strategic/policy risk factors as well as the risk of failing to meet performance benchmarks.	MEDIUM There is a **medium** likelihood of failure to meet stakeholder expectations and performance benchmarks. Market factors tend to be relatively unpredictable and many factors are out of OFA's control. The current environment of expanding service requirements and constrained resources adds some risk; however, it is expected to be minimal. Based on past experience, it is expected that most stakeholder expectations will be met.	EXTREMELY HIGH Given that the impact of not meeting stakeholder expectations can be **extremely high**, combined with a medium likelihood the net result is a high risk assessment. The impact of a one percentage point increase in yields was estimated to be $300 million for 2017–18. Although the OFA has been able to extend the borrowing term in recent years, interest rate risk will remain elevated for several years. Continuous communication with the Deputy Minister and Minister ensures that expectations for the Province are clearly understood. Commitments are made after thorough and careful analysis to ensure that resources and expertise are in place to meet those expectations. Close and continuous communication and meetings with relevant public bodies (e.g. Agencies) who use our services ensures that expectations and service requirements are clearly understood. In addition, formal service level agreements (e.g. investment management agreements) have been developed which clearly outline the services and benchmark performance standards.	HIGH	An analysis of risk factors and contingencies is included in the OFA's annual Financing, Debt & Electricity Management Plan. This analysis is revisited throughout the year. Given the relatively unpredictable nature of market factors, ongoing monitoring of market and policy factors provides a level of risk mitigation. Continuous dialogue with stakeholders and regular reporting are also useful in keeping abreast of both expectations and performance. Emerging issues which may affect expectations are identified and are regularly reported to the Deputy/Chair as well as the Board (OFA and OEFC). This provides greater assurance that expectations will be met or managed through approved mitigation strategies. Meeting performance benchmarks for the Province and other public bodies also depends on adequate resources being available to maximize performance. This includes information systems services, and most importantly, staff. A highly educated and experienced workforce provides a higher likelihood that stakeholder expectations will be met. The OFA works to attract and retain highly qualified staff.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Public image Primary Accountability: Capital Markets Division	The risk that the OFA may damage its reputation with stakeholders and third party service providers.	LOW The likelihood of reputational risk to the OFA is **low.** There are extensive policies to govern staff conduct including, with respect to conflicts of interest, procurement and workplace harassment. In addition, procedures are in place to ensure that staff are aware of all policies. There are also regular reporting requirements and internal controls to reduce the potential for policy violations. Dealings with the press are handled through official MOF communication staff and investor and other stakeholder information is handled with extreme care. Accordingly, the likelihood of reputational risk problems with stakeholders and service providers is **low**, although mistakes can happen and there are certain factors which the OFA cannot control.	HIGH The impact of image problems can be **high** which combined with a low likelihood results in an overall medium risk assessment.	MEDIUM	Public image risk is mitigated through a host of strategies: i) a strong policy framework to provide greater information to staff to make them aware of potential public image problems; ii) strong internal controls to reduce the risk of policy violations and adverse information releases; iii) public communication protocols to reduce the risk of incorrect and damaging information releases; iv) an investor relations program which is responsive to investor needs and responds to investor requests for information promptly; v) ongoing dialogue with dealers to keep abreast of information in the marketplace relating to both Ontario and the OFA; and vi) a management structure and culture which promotes security of information and extreme care in disclosing information in a public forum. Strategies iii-v involve constant communication with external stakeholders. This feedback loop provides the OFA with a method of assessing the organization's public image. The OFA has a comprehensive procurement policy that ensures that its suppliers and service providers are selected in a fair manner. When appropriate, the OFA requires that service providers obtain security clearance. OFA contracts with service providers address confidentiality and contract precedents generally require approval before a contractor may use its association with the OFA for any purpose. All substantive contracts that Capital Markets enters into in the name of the OFA must be reviewed by the OFA Legal Branch. All substantive contracts that Capital Markets enters

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					into in the name of the Province, must be reviewed by MOF Legal.
Quality of relationship with stakeholders Primary Accountability: Capital Markets Division	The risk that the OFA's stakeholder relationships are poorly managed. Stakeholders relevant to this risk are investors, dealers, credit rating agencies, and employees.	LOW The likelihood of failure managing OFA's stakeholder relationships is **low** as the OFA strives to deal with all of its stakeholders in a fair, transparent and responsive manner.	HIGH The quality of the business relationships with stakeholders that the OFA is engaged in such as investors, dealers, credit rating agencies and employees can have a **high** impact on the success and cost of OFA activities. However, the likelihood of failure in these activities is relatively low which results in an overall medium risk assessment.	MEDIUM	The OFA provides relevant, non-confidential information to investors in a fair and transparent manner, including information pertaining to the Budget and quarterly finances. Confidential information is handled in a manner consistent with laws and regulations, such as the *Public Services Ontario Act, 2006* and the *Securities Act, 1990*. The annual Investor Relations Plan is developed each year with the goal of providing updates to investors, both domestic and international, on a regular basis through outreach and information products. Requests for information or meetings from investors are responded to very promptly. The quality of the Province's relationships with stakeholders is constantly monitored. Should the strategies in the annual Investor Relations Plan fail to achieve the desired relationship levels, the OFA can choose to engage additional financial dealers or more senior Ministry of Finance representatives to participate in its investor outreach activities. Dealers are utilized in a fair and objective manner for bond issues. A syndicate evaluation is used to rank domestic dealers objectively, and commissions for domestic bond issues are based on this annual evaluation. Dealers thus know the OFA's service priorities and understand their bond issue allocations for the year. International issues also utilize dealers based on their level of service and strengths they bring to particular markets and issuance opportunities. The OFA continuously communicates with its dealers and also has regular

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					meetings with them, and thus relationship issues tend to be dealt with quickly. Given the high importance of Ontario's credit ratings to its borrowing program, the OFA has very well established relationships with the credit ratings agencies. The OFA has regular meetings with the agencies, responds promptly to requests for information, and facilitates participation of more specialized or senior government officials as required. See Workforce Risk Category for discussion of mitigation strategies for risks related to employees as stakeholders.
Risk Category: ACCOUNTABILITY / GOVERNANCE **Governance/ Accountability/ Organizational Risk**: Risk that the organizational structure, accountabilities or responsibilities are not defined, designed, communicated or implemented to meet the organization's objectives, and/or that culture and management commitments do not support the formal structures. Risk of conflict of interest for board members. Inadequate ethics / codes of conduct. Inadequate definitions of roles and responsibilities. Risk of failure to comply with administrative requirements, such as directives. **Legal/ Contractual Compliance Risk:** Risk related to the potential cost of complying with a contractual agreement, or of litigation (including established policy and procedure) against the agency or government. Risk that a government initiative or action will contravene a contract, Memorandum of Understanding or policy. The costs/risks related to changing legislation could include lawsuits, settlements, fines, penalties and legal fees. Risk of failure to comply with administrative requirements such as directives.					
Governance, Information and Regulatory Compliance Primary Accountability: Finance and Treasury Division	The risk that oversight and governance responsibilities are not clearly defined; the risk that internal and external information produced or used is incomplete, out-of-date, inaccurate, irrelevant or inappropriately disclosed.	LOW The likelihood of failing in this area is **low**. Various policies and procedures define roles and responsibilities required for effective governance, including oversight by the OFA Board, chaired by the Deputy Minister of Finance, and largely comprised of independent, external	HIGH The impact of failing in this area is **high;** however, combined with the low likelihood of this happening results in a medium risk assessment	MEDIUM	Regular and special meetings of the OFA Board and its Committees, comprised of the Audit and Risk Management Committee (ARMC), Human Resources and Governance Committee (HRGC) and the ONFA Investment Committees (ONFA IC). The Deputy Minister of Finance is, pursuant to CIPA, the Chair of the OFA Board, which, along with a written memorandum of understanding between the Minister and the OFA, establishes a

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Secondary Accountability: Capital Markets Division		members; and reporting requirements to the Minister of Finance. Furthermore, the audits by Internal Audit Division that cycle over all major functions of the OFA include a review of the associated policies and procedures and to date no material gaps have been identified. All audit recommendations are presented to the OFA ARMC and addressed within reasonable timeframes.			clear governance framework for OFA management and accountability to the Minister of Finance. The OFA uses secure communication procedures with internal and external parties; it also undertakes effective oversight of service providers, reconciliation processes, stringent disclosure policies, staff learning and development, and timely filing of regulatory reports.
Risk and issue management Primary Accountability: Risk Control Division Secondary Accountability: Finance and Treasury Division	The risk that the OFA may not effectively manage and mitigate financial risks including fraud risk.	LOW A review process established at the OFA that includes daily compliance monitoring, division of responsibilities, and a highly-developed and rehearsed response plan for emergencies results in a **low** likelihood.	EXTREMELY HIGH The OFA is a major participant in capital markets and has extensive dealings with banks on behalf of the Ontario government. As a result, the potential impact for errors and omissions is **extremely high** given the associated high dollar value**.** The extensive mitigation strategies employed by the OFA however, reduce the overall assessed risk to Medium.	MEDIUM	Financial risks associated with the OFA capital market activities are managed through the OFA risk management framework, which includes policies, each one of which is updated, reviewed by the Ontario Internal Audit Division (OIAD) and approved by the Board on an annual basis. Compliance with policies is monitored through a daily reporting cycle including where applicable on a real time basis, and credit risks are also monitored in real time. Fraud: Division of responsibilities between divisions to create a separate front, middle and back office for capital markets transactions and appropriate separation of duties and signing authorizations within divisions reduce risk of fraud. All staff are encouraged to report any wrongdoing at all times and senior management is asked to confirm quarterly whether they are aware of any wrongdoing.

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					Issues management: In addition to a monthly Capital Markets update letter, the CEO also reports on any issues or concerns quarterly to the Board and has regular meetings with the Chair. Division Heads/Directors report quarterly to the Board on their area's progress in achieving the objectives identified under the Annual Business Plan. The OFA's financial statements are prepared and presented on a quarterly basis to the ARMC and the Board. They are also shared with senior staff of the Office of the Auditor General. The OFA provides the IOD, debt and derivative information that is presented in the Public Accounts of the Province. The numbers and the process including the underlying internal controls are audited annually by the Office of the Auditor General. Up to now, no material issues have been identified as part of this audit. OFA prepares issues notes, and feeds into the Ministry's communications branch for issues management and to address contentious issues. The OIAD develops a three year audit plan for the OFA that is updated annually. Audits under this plan, as well as special reviews as and when required provide an overall comfort level. The ARMC conducts in camera sessions with internal audit, staff of the Office of the Auditor General and the OFA's Chief Financial and Risk Officer at each quarterly meeting during which they are free to candidly raise any concerns about overall risk and issues management issues at the OFA. To avoid financial risk resulting from an inability to function during an emergency, the OFA has a

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					highly-developed and rehearsed response plan for emergencies, addressing key risks such as fire, terrorist attack, pandemic or other threat. The work of the OFA can be carried out with all staff working from home. The OFA also maintains a collocate site at a remote location that houses a continuously available, mirrored IT infrastructure. Staff are subject to randomly declared, OFA-wide, work-from-home drills at least annually. OIAD reviews and comments on business continuity test results.
Statutory requirements are met Primary Accountability: Legal Division	Risk of material non-compliance with statutory requirements	LOW The likelihood of material non-compliance is considered **low** because OFA staff have experience and awareness regarding legal compliance in relation to the performance of their jobs. While regulation in some areas (such as in capital markets and the banking and payment card industry) is complex and continues to evolve, program areas have ready access to legal advice.	HIGH Impact is considered **high** since failure to comply with a statutory requirement could negatively affect the reputation of the OFA and the Government. Also, violations relating to capital markets operations could have serious financial implications. Combined with a **low** likelihood, the resulting overall risk assessment is medium.	MEDIUM	Currently, the OFA and Ministry of Finance Legal Branches advise of statutory requirements and changes affecting OFA operations and also are available to advise on steps to effectively address any non-compliance. Information on legal requirements relating to Public Servants is distributed to staff using the Policy and Procedure Management system. Non-compliance with laws, regulations and directives is reported to the Legal Director, who reports it to the CEO and the Board of Directors. CEO/Board direct remedial action (which may include learning and development). Education is encouraged and Divisions budget for necessary learning.
Reliability of financial systems Primary Accountability: Finance and Treasury Division	The risk that the OFA's financial information and reporting system is not reliable or fails to meet quality standards.	LOW The review process that the OFA has established including audits by the Internal Audit Division and the Office of Auditor General of Ontario ensures that the likelihood of occurrence is **low**.	HIGH While the impact of less than reliable financial information is indeed **high**, the low likelihood of this happening results in an overall medium risk assessment.	MEDIUM	The OFA has well-established processes and procedures for monitoring and reporting on its financial performance to its ARMC and Board of Directors and to the Ministry of Finance as well as Treasury Board Secretariat (TBS). OFA financials are prepared on a quarterly basis for discussion, and shared with the staff of the Office of the Auditor General and approval by the ARMC and Board of Directors. In addition the OFA financials are audited

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					annually by the Office of the Auditor General who has provided unqualified opinions on all past financials. Staff of the Office of the Auditor General also audit, on an annual basis, the OFA's work on the Province's debt and IOD. This annual audit includes reviewing the underlying systems and internal controls. Up to now, no material issues have been identified and the OFA has implemented all recommendations arising from this audit. Changes to accounting pronouncements are also addressed during the quarterly discussions with the ARMC and the Office of the Auditor General. Annual budgets and audited financials are submitted to the Ministry as per TBS requirements. A further level of assurance exists as a result of the work carried out by the OIAD. OIAD develops a 3 year audit plan with consultation from Division heads and all findings and recommendations are presented to the ARMC. The OFA's progress in implementing recommendations are also presented on a quarterly basis to the same committee.
Debt and Risk Management Risk Category: OPERATIONAL **RISK AREA:** Program Caseload/ Utilization: Change in demand for services or entitlements or increased claims/case load that can be deferred. Assumes no policy or legislative changes.					
An economic slowdown straining the fiscal plan, thus affecting the borrowing program.	Fiscal strain stemming from a significant economic slowdown would likely result in higher borrowing requirements. This could be experienced as much larger borrowing requirements	MEDIUM The possibility of a major downturn in economic activity or longer term slow economic growth is given a **medium** likelihood due the historical frequency of such events. The last recession	HIGH The impact on the borrowing program will depend in part on the extent of the economic slowdown. A large economic slowdown, perhaps a recession, would have a large impact on the borrowing	HIGH	The Capital Markets Division is in constant contact with external economic experts who provide forecasts and analysis on the Province's economy as well as other major economies around the globe (including Canada's).

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Primary Accountability: Capital Markets Division	over a fairly short time horizon or consistently higher requirements over a longer time period.	occurred in 2008–09. Since then, the Ontario economy has experienced modest growth. However, over the last three years, real GDP growth has accelerated, averaging 2.6 per cent per year. Private sector economists expect continued economic growth, with Ontario remaining a provincial growth leader over the next two years.	program over a couple of years, but persistent sub-par growth would also be painful. The impact on revenues of a one percentage point change in nominal GDP is estimated to be $965 million for 2017–18. The world economy is currently highly reliant on U.S. economic growth and would be at risk if that fades. Given that Ontario's borrowing requirements are already quite large, the impact would likely be high, meaning that interest costs could increase appreciably. One result could be a reduced average term of borrowing to reduce borrowing costs or respond to reduced demand for longer term debt which would increase refinancing and floating rate risk. There could also be pressure to increase foreign exchange or counterparty credit exposures in order to reduce costs. The overall assessment of this risk is high.		In addition, the OFA is provided with a wealth of forecasts and economic insight from the Ministry of Finance. The OFA undertakes its borrowing strategically to reduce the effects of forecasted events and also looks to pre-borrowing to the extent possible. The OFA can also engage with independent experts to provide advice on how to reduce any adverse events that may have an impact on the borrowing program.
Financial market risk Primary Accountability: Risk Control Division	Higher-than- forecast borrowing requirement and/or interest rates, resulting in higher annual IOD charges. Financial loss attributable to changes in interest rates, credit spreads, foreign exchange and liquidity risk.	MEDIUM Higher-than-forecast borrowing requirement and/or interest rates is given a **medium** likelihood due to the historical frequency of interest rate changes, and the current medium-term forecast of provincial borrowing requirements.	HIGH The size of the Province's annual borrowing requirement creates a **high** degree of sensitivity to market conditions, especially interest rates. IOD has generally produced cost savings compared to budget forecasts due to cost effective debt management, as well as interest rates that have been	HIGH	Sound and effective risk management infrastructure, including policies, procedures, risk management reporting, and Information Technology (IT) systems. The OFA uses a conservative risk limited approach to forecasting IOD expenses. This is achieved by using interest rate forecasts provided by the Office of Economic Policy for the two out years and a 20 year interest rate average for the third out year.

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			trending down for about 35 years. This experience may not be expected to continue, so financial market risk is assessed as being high. In the *2017 Budget,* it was estimated that a one percentage point increase in interest rates would have impacted IOD by approximately $300 million for 2017–18.		Accurately measure and assess portfolio exposures and ensure compliance with the related limits as approved by the Board, including foreign exchange and net interest rate resetting exposure limits and IOD. Maximum foreign exchange exposure of five per cent. Maximum net interest rate resetting exposure of 35 per cent. Maximum loss policy on IOD of three per cent of budgeted IOD. The OFA has reduced the sensitivity of IOD to interest rates by extending the term of recent borrowings. It also maintains exposure to foreign currency at levels far below the five per cent limit. While the policy limit for net interest rate resetting exposure is 35 per cent, the annual debt management plan sets out ranges that are usually considerably lower thus further limiting the risk.
Inability to complete the borrowing program due to market breakdown or loss of faith in the Province's ability to repay debt Primary Accountability: Capital Markets Division	Unable to achieve the borrowing program target of a particular fiscal year.	LOW The likelihood of not completing the borrowing program is **low** and would be based on a major market disruption or a major adverse credit situation at the Province. Both events are considered to have a low likelihood.	EXTREMELY HIGH The consequences of a major market disruption or a major adverse credit situation at the Province would obviously be **extremely high**, and thus overall risk is high.	HIGH	The OFA continually monitors demand for its bonds and has a strong relationship with its financial dealers. The OFA is aware, through external forecasts, Ministry of Finance advice, and its own analysis of bond markets, of the faith investors place in its bond offerings. The Capital Markets Division employs financial strategies to reduce the effects of forecasted events. The OFA can also engage with independent experts to provide advice on how to reduce any adverse events that may have an impact on the borrowing program.

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					The OFA has very well established relationships with the credit ratings agencies. The OFA has regular meetings with the agencies, responds promptly to request for information, and facilitates participation of more specialized or senior government officials as required.
Risk of credit rating downgrade Primary Accountability: Risk Control Division	Risk that a credit rating downgrade from a major credit rating agency results in increased costs to borrowing program and/or reduced market access.	MEDIUM The likelihood of a credit rating downgrade is **medium.** The OFA has regular meetings with the agencies, and is regularly advised of rating agency concerns. As a result of these regular meetings with agencies and outperformance of its fiscal targets in recent years, the risk of a credit downgrade is not considered to be high, although debt levels remain high.	HIGH A credit rating downgrade, could reduce the pool of investors able to buy Government of Ontario bonds. As a worst-case, investors might be forced to sell, creating competition for our primary distribution, therefore resulting in a **high** impact for the Province. Note: This risk is assessed as high. The best mitigating strategy, reducing the debt burden is not under the control of the OFA.	HIGH	Maintain close relationships and ongoing dialogue with credit rating agencies to keep them informed of the Province's financial status priorities, and initiatives. Diversify funding sources. Increase investor relations activities. Ensure that decision-makers at Queen's Park continue to be mindful of the serious consequences of the Province not achieving a balanced budget and continuing to reduce its net debt-to-GDP ratio in accordance with Government commitments.
Credit Risk Primary Accountability: Risk Control Division	Risk that the Province incurs a significant loss because a counterparty or counterparties does/do not meet, or default(s), on their obligations to the Province.	LOW The size of Ontario's borrowing program requires the OFA to be open to borrowing opportunities in a variety of currencies. As the OFA has opted to keep currency risk at very low levels, this requires that hedging transactions be entered into with bank counterparties, creating credit risk. A bank default is considered to be a **low** probability event.	HIGH A bank default would be a **high** impact event, however, the assessment is overall medium as a result of the OFA's implementation of a comprehensive mitigation strategy including collateralized swap agreements and limiting transactions to highly rated counterparties.	MEDIUM	Ensure compliance with a sound and effective credit risk management infrastructure, including: an overarching credit risk policy that is reviewed and approved by the OFA Board on an annual basis, transacting with highly rated counterparties, limiting credit exposure concentration, and ongoing monitoring of key indicators of credit and market conditions. The Province will continue to enter into collateralized swap agreements with more of its swap counterparties to limit its credit risk. Such

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					agreements allow the Province to cap its credit risk by requiring counterparties to post collateral when marked-to-market exposures exceed specific thresholds.
Electricity related policy, price and other risk Primary Accountability: Corporate & Electricity Finance Division	The electricity sector's financial performance affects the government's fiscal position largely through the performance of OPG, Hydro One, municipal electric utilities and the Ontario Electricity Financial Corporation (OEFC), including the latter's interest on debt expense. Their financial performance's impact on the Province can be due to, e.g., the companies' operational performance, regulatory decisions (e.g., OEB rate decisions), and accounting changes (e.g., IFRS provincial consolidation adjustments). As well, performance can be affected by electricity demand and electricity supply factors related to the economy, investment plans, temporary plant shutdowns and weather.	MEDIUM The likelihood of this risk is deemed **medium.** Some factors which could materially affect electricity sector performance such as OEB regulatory decisions and lower/higher demand due to a turnaround in the business cycle are hard to predict. Many performance factors such as policy or accounting decisions tend to be known in advance and potential impacts can be factored into the fiscal plan.	MEDIUM The impact is deemed **medium**. While the electricity sector has a significant fiscal impact, contributing an average $1.7B to the surplus (and helping to pay down electricity sector debt and other liabilities) over the past ten years, it is not large compared to the total size of the Provincial Budget. In any given year, the impact could be more material. For example, in 2015–16 the Hydro One IPO largely accounted for the higher than usual electricity sector surplus of $3.9B. Note that the IPO was planned, so not a surprise risk to the fiscal plan.	MEDIUM	Electricity sector performance, fiscal and policy updates and advice are regularly provided to senior Ministry of Finance officials and government in order to monitor potential electricity sector fiscal impacts over the medium term. Maintain strong working relationships with other Ministry of Finance partners, ministries and agencies.

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	The electricity sector can also affect positively or negatively the fiscal position of the Province, and the borrowing plan, by policy decisions (e.g., ending the Debt Retirement Charge, or price mitigation measures)				
Operational, including systems, internal control and reputation risks Primary Accountability: Strategic Corporate Services Division	Risk from inadequate or failed internal processes and IT systems or from external events. The possibility that internal controls may not safeguard assets or prevent errors or fraud. The risk that negative publicity about the OFA's business practices may lead to financial or reputation costs or litigation.	LOW The likelihood of this risk is deemed **low**. The OFA's mandate and operations in a capital markets environment requires the extensive use of information technology. The fact that the OFA's mandate has also increased over the past years with no corresponding increase in staff resources has also resulted in a dependence on information technology. While this has allowed for efficiencies, this dependence also gives rise to the risk that IT systems may be poorly specified, operate incorrectly, or that the use of combinations of systems may have unintended consequences.	HIGH The financial impact of such risks could be compounded by harm to the OFA's reputation, therefore its impact is deemed **high.** This risk, reduced by the mitigating strategy, is assessed as medium.	MEDIUM	Maintain state-of-the-art IT systems, conduct daily back up, frequent update and testing of BCP involving remote desktop and co-locate. Appropriate documentation and timely reporting; update financial controls based on best practices; continued involvement of Internal Audit in developing new functions and reviewing existing financial policies; ensure oversight of service providers. As part of its annual audit, the Office of the Auditor General issues recommendations on areas where they feel internal controls can be tightened. Monitor print media to identify OFA-specific issues to protect OFA's reputation. Centralized external communication strategy. Early involvement of legal counsel.
Service providers (e.g. custodians, fiscal agents, banks etc.)	Poor service from existing providers and/or lack of qualified service providers.	LOW The likelihood of this risk is deemed **low.** Service providers are selected	MEDIUM	LOW	All existing service providers provide services under a formal contract. Continue to implement and manage existing service providers to ensure compliance with contracts.

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Primary Accountability: Finance and Treasury Division		in compliance with the OFA's Procurement Policy which requires a rigorous open competitive process for procurements of goods valued at or above $25,000 and services at or above $100,000. Competitions include the submission of proposals covering performance standards and measures. Contracts, once implemented, are monitored for service quality.	Consistent internal monitoring ensures a **medium** impact for a low overall risk assessment.		Continue to comply with selection criteria and contract management requirements in OFA Procurement Policy.
Low investment returns or inadequate investment controls on nuclear funds. Primary Accountability: Capital Markets Division	If funds are not properly invested or general financial market returns are low or negative, substantial contributions could be required by one or both of the Province and OPG. In addition, the Province's reputation may be damaged if controls or investment policies deviate from industry best practices.	MEDIUM Prolonged poorer than targeted performance of the nuclear funds over the medium-term is given a **medium** likelihood. The nuclear funds have a very long time horizon and would be expected to have poor returns over some time periods but are required to earn real returns in excess of 3.25 per cent in the long run. The funds have exceeded the 3.25 per cent annualised real return benchmark on average since their inception in 2003, but there is some risk that cumulative average annualised returns may be inadequate in future or that the costs of decommissioning and used fuel disposal could well exceed current projections. Returns will be driven to	HIGH The financial impact of poor performance could be quite substantial and is rated **high** given the size of the funds, and could result in substantial unexpected contributions from one or both of the Province and OPG. The overall risk assessment is high. Given the current size of the funds, a one percentage point decline in annual performance would equate to $170 million in reduced value for the funds, which could affect future funding requirements. Such loss, however, will not translate dollar-to-dollar on the Province's annual statement of operations at consolidation, as the Province's revenue recognition related to the	HIGH	The funds are diversified across asset classes and managers to reduce overall risk. Further diversification is being achieved as the funds move into alternative investments. The funds are also long-lived, and can be adjusted and returns recover over the long term, which result in the recovery of past Provincial contributions to cover investment return shortfalls, if any. In addition, a Statement of Investment Policies and Procedures (SIPP) and Statement of Investment Risk Policies (SIRP) are in place which outline basic policies which to a large extent address many of the risk factors. An extensive asset-liability study is undertaken every five years to attempt to optimize the asset allocation to meet the funds objectives to meet the cost requirements. In addition, the funds are closely monitored by staff and up to the respective Board levels by both the OFA and OPG including, for the OFA, by the ONFA IC. Unfortunately, the risk of sub-par returns cannot be entirely eliminated as it will be largely driven by

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		a large extent by asset allocation and general investment returns in financial markets -- e.g., prolonged poor performance in equity returns or a general decline in the financial markets could be a driver of poor performance. Resourcing for the nuclear funds is relatively tight, although it is considered adequate. The likelihood of inadequate controls on the funds is assessed to be low.	nuclear funds is based on historical cost, not fair value, and some of the impact is also mitigated by OPG's regulatory accounts for the funds related to the Bruce stations, under the Province's current accounting standards. In addition, the reputational impact of underperformance would also be **high**. The overall assessment of inadequate controls is high.		the future market developments. Decommissioning and waste disposal costs and liability risk surprises are largely mitigated by the quinquennial ONFA Reference Plan update. The contribution schedules can be adjusted following a reference plan update to allow for returns in the funds to help cover liability revisions and past target rate of return shortfalls. The funds are audited on a regular basis which reduces the potential for fraud or other control problems. Staff monitor the funds very closely and are looking for irregularities. The internal auditors of both OPG and the OFA are also proactive in examining control issues. The funds rely largely on external managers, and efforts are made to select highly professional managers who follow investment industry best practices.
Default on Loans to Public Bodies Primary Accountability: Corporate & Electricity Finance Division	Risk of default by public bodies on OFA loans	LOW Although the OFA has restructured or provided a loan deferral in the past, this has been relatively rare, so an "unlikely" scenario (less than 20 per cent probability) is reasonable, and its likelihood is rated as **low.** This is aside from the Ottawa Convention Centre (OCC), loan from the OFA which represents less than 1 per cent of the OFA's total loan portfolio). Ministry of Tourism, Culture	LOW Impact of a default may be "noticeable" and public, but loan write-downs to public bodies that are consolidated on the Province's financial statements would likely not create a fiscal impact, and, therefore, its impact is deemed **low** resulting in an overall low risk assessment.	LOW	Prior due diligence and analysis of debt repayment ability of public bodies on OFA loans. Ensure grant (where available) intercept mechanisms continue to be included in loan agreements. Early detection through loan monitoring by line ministry and restructuring of loan repayment terms. MTCS has engaged a consultant to review OCC. The report is expected late in 17–18, with implementation potentially affecting 18–19 and going forward.

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		and Sport (MTCS) has engaged a consultant to review the OCC.			
Default on Guarantees under the Aboriginal Loan Guarantee Program (ALGP) Primary Accountability: Corporate & Electricity Finance Division	In the event of a call on an ALGP guarantee arising from a default on the underlying loan, the fiscal impact would be recorded in the fiscal year in which the claim was paid.	LOW Debt service reserve account, ongoing monitoring, bank account controls are in place to mitigate risk of default.	LOW Any default would have a negative fiscal impact on the Province in the year in which the Province paid a claim pursuant to the guarantee. As guarantees are limited to a maximum of $50 million (unless Treasury Board approves an exception), and the average is smaller, the impact is small in the Provincial context. However, there may be a reputational impact for the Province/OFA as well.	LOW	Ongoing monitoring by staff of approved loan guarantees, including project performance and compliance with loan and guarantee agreements. No specific Board oversight of ALGP because the program relates to Provincial guarantees.
Increased borrowing to fund loans to public bodies Primary Accountability: Corporate & Electricity Finance Division	Risk of unexpected loans that were not included in the OFA Annual Borrowing and On-Lending Plan.	LOW Over the past five years, only one unanticipated non-school board loan caused the OFA to breach its loan contingency reserve. An “unlikely” rating of less than 20 per cent probability of occurrence is, therefore, prudent, resulting in a **low** likelihood.	LOW In the overall borrowing plan, any unexpected loans would likely not have a “noticeable” effect, as most incremental borrowing is not material in the context of the whole borrowing program and therefore can usually be accommodated. This results in a **low** impact and a low overall risk assessment.	LOW	Ensure there exists an unassigned contingency equal to 10 per cent of forecasted loans to public bodies. Push off less urgent loans for execution in the following fiscal year. For OLG and LCBO, request business updates from the Government Business Enterprises Division (GBED) to identify potential borrowing requirements (e.g., for site expansion); include estimates in Borrowing and On-lending Plan. Where a policy decision is taken requiring the OFA to provide funding for a strategic project, facilitate private sector financing, especially if interest cost savings are only deemed to be minimal.

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Government cost constraints Primary Accountability: Finance and Treasury Division	Cost constraints may limit the OFA's ability to provide services in a timely manner.	MEDIUM While good budgeting process and budget to actual comparison exists, the OFA is not insulated against budgetary constraints. The likelihood is deemed **medium.**	HIGH If budgetary constraints are severe enough the delivery of core services will be impacted justifying a **high** impact and high overall risk assessment.	HIGH	Timely budget preparation in accordance with PRRT requirements. The budget preparation process is aimed at allocating resources according to priorities. Detailed planning and monitoring to meet priorities within cost constrained environment. Comparison on a quarterly basis between budget and actual to ensure that priorities are being met within approved expenditures. Effective financial management on a year by year basis that ensures minimal variances between budget and actual. The OFA also retains its surplus which can act as a source of funds to meet non salary related expenses upon approval from the Ministry of Finance.
Risk Category: WORKFORCE **RISK AREA**: Workforce: Operational Workforce Risks.					
Employee Fraud Primary Accountability: Finance and Treasury Division	Risk that losses will be incurred because an employee is dishonest.	LOW The likelihood is **low** due to stringent internal controls and systems that cannot be easily circumvented.	MEDIUM The impact is deemed to be **medium** resulting in an overall low risk assessment.	LOW	Continue to communicate code of values and measures for disclosing wrongdoing to OFA staff. Strong system of internal controls, including segregation of duties, which are regularly reviewed by internal auditors as well as the Office of the Auditor General. While no material issues have been identified to date from these audits that essentially cover the full fiscal year, all audit recommendations have been implemented. Detailed and timely exception reporting with managerial oversight.
Human Resource Risk	Risk that highly trained and specialized staff will not be	MEDIUM	EXTREMELY HIGH	HIGH	Hire qualified staff; develop and implement staff retention strategies with assistance from the OFA

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
Primary Accountability: Each Hiring Division, with support from the Strategic Corporate Services Division	available due to resignations, retirements, turnover, inability to hire, lack of skills, illness, etc., including the risk that misalignment of incentive structures with functions of the OFA may impede recruitment, promotion, innovation and staff initiative.	The likelihood is deemed **medium**. The issue has gained traction due to the disparity between pay scales in other agencies and pension funds compared to their OFA counterparts. As a result, overall, the pool of applicants to positions at the OFA has diminished over the past few years. Although most positions have adequate backup and succession planning, there are some areas within the OFA that are tightly staffed and some positions are highly specialized which creates vulnerability. In addition, compensation constraints have limited the ability to adequately replace staff externally at comparable experience and skill levels. An absence of financial incentives may also have impacted levels of staff engagement/initiative for existing staff (e.g. not taking promotions to management or not taking on special projects). The OFA makes extensive use of information technology as an offset to staffing constraints created by the increased scope and complexity of its activities.	The impact is deemed **extremely high** resulting in an overall high risk assessment.		Board and Human Resources and Governance Committee, provide support and training, where feasible provide competitive salary and benefits, foster a good and efficient working environment and a culture that recognizes and rewards performance, set out performance plans and monitor, recognize and value achievements, good communications and teamwork, and implement employee engagement strategies. Where possible, offer results-based pay for performance, including a competitive, market-based salary and a comprehensive and flexible benefits package. Maintain unique compensation structure for A/XOFA positions. The OPS is now conducting employee engagement surveys on an annual basis which will enable the OFA to track changes in employee engagement levels and better align responses and initiatives with results in the shorter term. The OFA is also undertaking a review of its organizational culture to ensure it continues to align with the OFA's values and corporate objectives as the OFA's mandate continues to increase in complexity and volume. The implementation of the new long-term compensation strategy for OPS non-bargaining specialists, managers and executives implemented in November 2017 is expected to help mitigate human resource risk. Among the changes were: adjusting base salaries and salary ranges for managers and non-bargaining staff and lifting the freeze on movement within them; providing

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					equivalent increases to those negotiated by bargaining agents on a go-forward basis; streamlining the compensation structure for executives (EXE) to ensure that salaries target the market median of similar jurisdictions and public sector comparators: reinstating merit pay based on performance for non-bargaining specialists and managers; and, the introduction of a modern job evaluation system for the management compensation plan including a separate managerial stream intended to reduce salary range compression and inversion between managers and staff reporting to them by restoring a five percent differential in salary. Furthermore, this compensation strategy allowed for compensation revisions to the FMCG class (A/XOFA). These latter changes were approved by the Board in April 2017 to help in restoring competitive compensation with Broader Public Sector comparators. It is too early to tell whether these changes are sufficient to reverse the recent trend of disappointing responses to positions advertised externally and an inability to attract qualified candidates for positions in the A/XOFA classification and others including those requiring accounting designations and specialized formal education in financial engineering and information technology or investment and corporate finance experience.

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Risk Category: INFORMATION TECHNOLOGY & INFRASTRUCTURE **RISK AREA:** Information and Information Technology (I & IT): The risk that information produced or used (e.g., performance data) is incomplete, out-of-date, inaccurate, irrelevant or inadequately protected from inappropriate disclosure. Risk that information or other technology (e.g., architecture, hardware, software) does not support business requirements, and/or does not support availability, access, integrity, relevance and security of data. Includes business continuity risk. Risk related to information or technology (e.g. upgrading or replacing of IT systems, etc.) Should include privacy and security risks.					
Privacy and security Primary Accountability: Strategic Corporate Services Division	Risk related to the OFA's handling of sensitive/ confidential information on behalf of the government. Potential compromise of confidential information or personal data through identity theft, or unauthorized electronic or physical access of information.	LOW The risk is considered **low**, as management ensures that staff are cognizant of the importance of information security.	MEDIUM The impact is deemed medium, resulting in an overall low risk assessment.	LOW	**Personal Information Privacy:** The OFA is a designated institution under *Freedom of Information and Protection of Privacy Act* (FIPPA). All OFA staff are provided with FIPPA training within 6 months of starting employment and must take FIPPA training annually thereafter. Employees are prompted through the OFA's Policy Management System (PPM) to review their obligations and must answer questions prior to confirming they have understood and agreed to comply. The OFA has a Privacy Breach Protocol in place in the event that a breach is identified under FIPPA. This Protocol is managed by the Legal Branch. All HR related information and systems containing Personal Information, as defined under FIPPA, are scheduled to be amalgamated into one system by fiscal year 2020–21, with updated restrictions and selective access to users. The new amalgamated system is still in its design phase but will incorporate role-based access for authentication and authorization, to ensure the highest level of privacy protection of personal information. A privacy impact assessment will be conducted, if required.

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					An Information Management initiative is currently underway at the OFA. It aims to reduce the costs and risks associated with information and data handling by maturing the OFA's current information governance and establishing effective Records and Information Management (RIM) practices aligned to Business Unit (BU) priorities. These practices will be based on IM best practices, but require a significant effort of time and energy to identify and remediate 20+ years of ad-hoc electronic data handling. The process the OFA has embarked on is an iterative 3-year cycle of identification and remediation of data. The initial discovery and assessment phases for SCSD and Legal Service Branch has begun in Q3 of fiscal year 2017–18, and is expected to expand to the rest of the OFA in fiscal year 2018–19. The SCSD is targeting Q4 of fiscal year 2020–21 to complete the remediation of key data identified in the assessment.
					Security: All staff and fee-for-service contract workers must complete security clearance and background checks in order to be granted access to all key applications and systems within the organization in accordance with the *Contractor Security Screening Operating Policy*. The OPS I&IT Directive does not apply to the OFA. The OFA has its own I&IT policies that meet or exceed the OPS Directive. The OFA measures its I&IT standards against established industry benchmarks and best practices.

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					Access to all electronic data and systems requires authentication which is managed through the OFA Identity and Access Management System (IAM) in alignment with the *OFA IT Access Control Policy*. The IAM system controls authentication and authorization. Role-based access controls are setup according to the 'business owner's' level of specified granularity, and the ability to directly review, assign and revoke access is granted to the owner via Systems Access Manager. Security of electronic information is continually assessed through third party security assessments on infrastructure from external vendors (Penetration Testing and Vulnerability Assessments) are conducted annually. Security of hard copy information is provided by enterprise IT perimeter security solutions, key card locked main doors, safes, and security cameras. Physical security audits are conducted on a 3-year cycle, with 5 years allowed to remediate given fiscal constraints on leasehold improvements. Yearly audits by the Ontario Internal Audit Division (OIAD) are completed on treasury systems, and periodically include reviews of the IT security and access control mechanisms. Recommendations arising from such audits are actioned and report backs are provided to OIAD. ARMC receives quarterly reports from OIAD on all audit findings.

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					All audit materials and security reviews are stored in a centralized repository that informs the technology roadmap and guides policy development decisions. The OFA currently has an *Incident Response Policy and Procedures* document from 2008. This document is being re-developed to include a Data Incident Response Plan, further establishing a framework and protocols for action and communication during an event. It is anticipated that development of the Plan will include active representation and membership across the organization, and is scheduled to be completed by Q4 of fiscal year 2018–19. Regular security policy compliance monitoring and reporting is managed through PPM. This ensures staff are reminded about their requirement to read and verify compliance of all security policies in a timely fashion. **Confidentiality:** The *Public Service Ontario Act, 2006* and related *Conflict of Interest Regulation* require OFA employees, as public servants, not to disclose or use information obtained in the course of their duties. The OFA also has a *Conflict of Interest Policy* which is communicated to staff through PPM annually. Where enhanced security is required in interactions with other Ministries, such as during the budget

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
					process, affected OFA staff receive appropriate training.
Business continuity Primary Accountability: Strategic Corporate Services Division	Risk that the processes in place to ensure that critical I&IT systems are not available for operation to support business requirements (disaster recovery & business continuity planning)	LOW The risk is considered **low**, as the OFA has a comprehensive Business Continuity Plan (BCP) which is regularly tested.	HIGH The consequences for the OFA not being able to carry out its business, even for one day, would be severe, therefore its impact is deemed **high.** As a result, the OFA maintains a twin of its IT infrastructure in a separate disaster recovery location (DR Site), which reduces the overall assessed risk to medium.	MEDIUM	As part of the OFA BCP, Strategic Corporate Services Division (SCSD) ensures that all critical systems, information and IT infrastructure are highly available and replicated to the OFA's DR Site. Critical production systems are routinely run out of the DR Site in order to verify the system operates properly in the BCP environment. Furthermore, SCSD maintains the technical infrastructure to support the OFA decentralized recovery plan. This includes mobile devices and remote access services. Periodic drills are held to ensure that staff are able to use the OFA's BCP infrastructure in a productive manner.
Procurement Primary Accountability: Strategic Corporate Services Division	The direct impact of delays to any procurement activity are twofold: Financial risks, as this directly impacts the budgeting cycle within the organization and also results in higher service delivery and resource costs of the legal and procurement teams, respectively.	MEDIUM The likelihood is deemed **medium.** The OFA operates within the government procurement framework, adapted to its own unique requirements. The requirement to adhere to complex public sector procurement rules, as set out in the OFA's Procurement Policy has the potential of slowing down urgently needed IT infrastructure, creating a degree of risk. Some	MEDIUM The impact is deemed **medium,** resulting in a medium overall risk assessment	MEDIUM	Standardized approval forms and RFX (Request for Information, Proposal or Quotation) precedent templates streamline the procurement process. Establishing Service Level Agreements within the organization to ensure consistent timelines for document review and approvals will help ensure project deadlines are achieved. The establishment of a dedicated Procurement Office within SCSD in April 2017 will provide centralized procurement advice and processes to the OFA. A dedicated office supports the goal of increased consistency and

Risk Element or Classification	Identification of Risk / Risk Description	Likelihood and Rationale	Impact and Rationale	Overall Assessment of Risk Element	Mitigation Strategy
	Technical risks are the inability to acquire critical infrastructure solutions in a timely manner, which impedes the ability of the organization to respond to emerging threats in a judicious fashion.	streamlining of the process has been carried out, reducing the assessed risk to medium.			transparency through homogenized practices, templates, advice and reporting. In Q3 2018, the function of the office will extend to include contract management, encompassing the lifecycle of procurement activities. When project and procurement plans are hindered by lengthy standard procurement process, priorities will be revisited. In some circumstances, CEO approval of an exemption or a different process may be requested, if available.

ENVIRONMENTAL SCAN

Economic Conditions

The economic outlook for Ontario described below is based on the average private sector view as of January 2018. As with all projections, there are positive and negative risks to the outlook. The most significant immediate risks to the outlook are rising interest rates and uncertainty regarding future U.S. economic policy. For business planning purposes, the OFA recognizes that it may confront increased demands to provide financing and other services.

Ontario's economy is expected to continue to grow at a solid pace. Ontario real GDP increased 2.6 per cent in 2016. Private-sector forecasters, on average, estimate Ontario real GDP grew by 2.9 per cent in 2017, and expect growth of 2.2 per cent in 2018, 2.0 per cent in 2019 and 2.1 per cent in 2020. The economic outlook is influenced by external factors, such as U.S. economic growth, oil prices and the Canadian dollar. An advancing U.S. and global economy combined with low oil prices and a competitive Canadian dollar continues to support Ontario's economic growth. Over the forecast period, rising interests are expected to shift economic growth from interest-rate-sensitive sectors, such as household consumption and housing, which have led activity in recent years. Trade is expected to be an important contributor to growth, as Ontario's exports are projected to rise on average by 2.1 per cent annually over the 2018–20 period. Solid demand prospects will also continue to encourage businesses to invest over the projection period, as firms adopt new technologies, produce more innovative goods and services, and expand into new trade markets. However, uncertainties surrounding U.S. trade policies pose downside risks to Ontario's growth forecast.

The United States is Ontario's largest trading partner, accounting for approximately 80 per cent of the Province's international merchandise exports in 2016. Economic growth in the U.S. slowed to 1.5 per cent in 2016 following a strong 2.9 per cent in 2015. According to the January 2018 Blue Chip consensus outlook, the U.S. economy is estimated to have grown by 2.3 per cent in 2017, and is expected to grow by 2.7 per cent in 2018 and 2.4 per cent in 2019.

The price of WTI (West Texas Intermediate) crude oil fell by over 70 per cent from its June 2014 peak of $108 US per barrel to below $30 US per barrel in early 2016, a reflection of strong supply and weaker global demand. WTI oil prices have since risen to an average $51 US per barrel in 2017, up from $43 US per barrel in 2016. The current private-sector forecast average for the WTI price of oil is $54 US in 2018, well below levels recorded over the 2010-14 period.

Sharply lower oil prices and diverging monetary policy between Canada and the United States contributed to a depreciation of the Canadian dollar to an average of 78.2 cents US in 2015. The Canadian dollar declined further in 2016, averaging 75.4 cents US before climbing up to an average 77.5 cents US in 2017. Private-sector forecasters expect the Canadian dollar will average 78.8 cents US in 2018.

Ontario's resale housing market advanced rapidly over the 2015-16 period and into early 2017, supported by low borrowing rates, rising employment, income gains and growth in the number of households. Housing market activity has cooled following the introduction of the Fair Housing Plan. Sales of existing homes dropped by 9.5 per cent while resale prices rose by 9.7 per cent in 2017. Ontario housing starts also increased in 2017. Over the next few years housing market activity is expected to remain moderate as gradually rising interest rates, historically high valuations and mortgage debt are expected to temper healthy demographic-related demand.

There are risks surrounding the housing market outlook. Home price gains in Ontario have outstripped incomes in recent years, fuelling mortgage debt accumulation. As a result, affordability in Ontario's housing market has eroded. Despite historically low mortgage rates, monthly carrying costs are elevated

relative to long-term trends. High levels of debt combined with elevated resale prices leave Ontario households potentially vulnerable in the event of an adverse economic shock.

Financial Markets

The Bank of Canada has raised the overnight rate target since last summer, first to 0.75 per cent in July 2017, to 1 per cent in September 2017 and again to 1.25 per cent in January 2017. The decision was largely driven by a strong Canadian economy in 2017 fuelled by stronger-than-expected consumption and residential investment, reflecting solid employment growth. The Bank of Canada also noted stronger-than-expected global growth but cautioned the uncertainty surrounding the future of NAFTA. On average, private-sector economists expect further rate hikes in 2018.

In the United States, the Federal Reserve raised rates three times throughout 2017, citing a continuously strengthening labour market and solid economic growth. It is expected that the Fed will continue to raise rates, though at a gradual pace. On the other hand, monetary policy in the European Union continues to remain accommodative. In December 2017, the European Central Bank (ECB) announced that interest rates will remain unchanged and are expected to stay "at present or lower levels for an extended period of time, and well past the horizon of the net asset purchases." The ECB also plans to continue its asset purchase program until at least September of 2018, albeit at a lower monthly pace than in 2017.

In Canada, long-term interest rates have remained at historically low levels for several years but have risen in recent months. Long-term interest rates are projected to gradually rise over the next few years but still remain low compared to the long-term historical average.

According to private-sector forecasters, the Canadian three-month Treasury bill rate is expected to rise gradually from an average of 0.7 per cent in 2017 to 1.4 per cent in 2018, and 2.1 per cent in 2019. According to the January 2018 Blue Chip consensus outlook, the three-month U.S. Treasury bill rate is expected to average 1.8 per cent in 2018, before rising to 2.4 per cent in 2019.

The 10-year Government of Canada bond rate averaged 1.8 per cent in 2017. According to private-sector forecasters, the 10-year Government of Canada bond rate is projected to rise, averaging 2.4 per cent in 2018 and 3.0 per cent in 2019. According to the Blue Chip consensus outlook, the yield on 10-year U.S. government notes is expected to average 2.7 per cent in 2018 and 3.2 per cent in 2019, up from 2.4 per cent in 2017.

Government Initiatives

Government policy implementation and developments, including price mitigation measures, and financial performance in Ontario's electricity sector, including OPG, Hydro One and municipal electricity utilities, may affect borrowing requirements through the cash flows to the Province and OEFC.

The OFA will continue to monitor the Green Bond market to identify future issuance opportunities under its Green Bond Program. The OFA will provide policy analysis and advice on the Trillium Trust, to dedicate net revenue gains from qualifying asset sales to help support public transit, transportation, and other priority infrastructure investments across Ontario. The OFA will also provide financial support to the Ministry of Environment and Climate Change in respect of the government’s Cap and Trade program, as well as in the establishment of a Greenhouse Gas Reduction Account and a climate change agency. In addition, the OFA will continue to provide loans to public bodies in support of government initiatives such as the new Ontario Cannabis Retail Corporation and greenhouse gas reduction initiatives implemented by colleges and universities.

The OFA will also provide financial analysis and advice in support of the Province's commitment to unlock the value of designated assets, and will continue to work with Infrastructure Ontario and other areas of government on optimizing certain holdings in the Province's real estate portfolio, in particular, the sale of the Seaton lands.

Regulatory Compliance

The OFA will ensure that information required to be disclosed by the Province in its debt securities offerings related documents, periodic published reports (including the Ontario Budget, the quarterly finances, the Public Accounts of the Province of Ontario and the annual fall Economic Outlook and Fiscal Review) and other disclosures filed or submitted under applicable securities legislation, rules and regulations in the United States, the United Kingdom, Luxembourg, Australia, Switzerland and Singapore is filed on time and otherwise in accordance with those requirements. Regulatory requirements will be monitored continually to ensure the Province has ongoing access to these markets.

PERFORMANCE MEASURES

1. Execute the Province's borrowing program

Objective	Performance Measure	Target
a. Complete the borrowing program while ensuring that the Province always has adequate liquidity.	Sufficient liquidity on hand at all times to ensure the Province can meet its financial obligations. Ensure borrowing is completed with minimal negative impact on the Province's reputation in the financial markets.	Borrowing program completed and cash requirements met on a timely basis.
b. Manage the borrowing program in a sound and cost-effective manner.	The performance measurement of the timing of the long-term fixed-rate borrowing program is expressed as a percentile ranking of the all-in borrowing cost against a statistical distribution of benchmark interest rates observed throughout the year. Other debt management activities such as buy-backs are also incorporated in this measurement.	Achieve a percentile ranking of 45 to 55 for regular borrowings and 50 to 75 for strategic foreign borrowings. All results are validated by the OIAD.
c. Ontario Savings Bonds (OSB) Program	Fund borrowing requirements at cost-effective rates for a broadly based retail program which allows individual investors in Ontario to participate in providing funding to the Province. OSBs reduce other borrowing requirements which, in turn, reduces pressure on new issue spreads.	Ensure the program is cost-effective in the context of a retail borrowing program. Maintain and review Service Level Agreement between OFA and Fiscal Agent on an annual basis.

2. Manage the Province's debt, investments, ONFA and financial risk, and contribute to the development of the Province's fiscal plan and outlook

Objective	Performance Measure	Target
a. Preservation of capital on money market investments. Manage liquid reserves in a sound and cost-effective manner.	Credit losses on liquid reserves and investment portfolio of funds managed for other government bodies. The investment return on the portion of liquid reserves invested in Government of Canada Treasury bills and similar riskless instruments compared to an average 61-day portfolio benchmark. This benchmarking process is consistent with private sector industry practice. Maintain liquid reserve levels within a pre-determined range (as set out in the Financing and Debt Management Plan) and provide an explanation to the Board of any deviations from that range.	No credit losses on any investments. Generate actual returns that are within ±2 basis points of the 61-day benchmark portfolio. Results are validated by the OIAD.
b. With OPG, prudently manage the Used Fuel and Decommissioning Segregated Funds' investments.	Ensure investment management is consistent with ONFA objectives.	Manage, monitor, and analyze the performance of the funds and the performance of investment managers. Continue refinement of investment strategies, risk management, policies and procedures. Meet the real return objective of 3.25 per cent, and exceed the market benchmark over the life of the funds.
c. Prudently manage funds for government bodies through the centralized/ segregated fund initiative.	Reduce investment costs. Ensure public bodies' funds are managed consistently with investment industry best practices.	Establish and continue to efficiently manage segregated funds with government public bodies that meet client requirements.

Objective	Performance Measure	Target
d. Minimize financial risk by ensuring risk exposures and program losses remain within approved exposure and loss limits.	Foreign exchange exposure. Net interest rate resetting exposure. IOD losses as a percent of budgeted IOD. Credit exposures relative to approved policy limits.	Foreign exchange exposure not to be above five per cent of total debt. The 2017–18 Financing, Debt and Electricity Management Plan had an approved range of 0 per cent to 2.5 per cent in Foreign Exchange Exposure. Currently, the exposure of 0.2 per cent of debt. The 2018–19 Financing, Debt and Electricity Management Plan will have a recommended range subject to Board of Directors approval later in the year. Net interest rate resetting exposure not to be above 35 per cent of total debt. The 2017–18 Financing, Debt and Electricity Management Plan had an approved range of 11.4 per cent to 15.4 per cent in Ontario's Gross Floating Rate exposure, with a target of 13.4 per cent. Interest Rate Resetting Exposure is expected to be 12.9 per cent as of March 31, 2018, with an expected range of 10.9 per cent to 13.9 per cent. A new range and target for Floating Rate and Interest Rate Resetting Exposure will be approved in the 2018–19 Financing, Debt and Electricity Management Plan. IOD losses not to exceed three per cent of budgeted IOD. Credit exposures to be kept within approved policy limits.
e. Use risk control policies to ensure programs are managed in a prudent and cost-effective manner.	Risk management policies are kept current with industry best practices. Exposure limits established in the policies are reasonable and prudent. Exposures are monitored and reported in a timely and accurate manner.	Policies for market risk, credit risk, use of derivatives and other financial instruments and risk management reporting are to be reviewed annually, and amendments or decisions not to amend are to be approved by the Board of Directors. Review limits on net interest rate resetting, foreign exchange and

Objective	Performance Measure	Target
		credit exposures, and credit concentration. Calculate and report exposures daily. Perform monthly stress testing on the Province's market and credit exposures.
f. Measure and report performance of the Province's borrowing, debt management, and investment programs.	Timeliness and accuracy of performance measurement and reporting.	Report on borrowing and debt management performance daily, and on the money market program performance monthly.
g. Evaluate the potential impact of stressed capital market conditions on OFA programs and IOD.	Conduct stress tests of the credit exposures, and IOD, and report the results as described in the risk management policies.	Stress testing is performed and reported on a monthly basis as described in the risk management policies.
h. Forecast IOD for the Province and the OEFC.	Forecasts for the current year and medium-term are provided for the Budget, Fall Statement and quarterly finances.	IOD forecasts for the current year and medium-term to be provided monthly and updated for the Budget, Fall Statement and quarterly finances in a timely manner.
i. Assess the credit quality of municipalities and other approved entities applying for Infrastructure Ontario loans and provide credit risk advice to the Credit Review Committee (CRC)	Review loan applications and analyze reports. Attend CRC meetings to provide advice and vote on each application.	Provide an advisory role at Infrastructure Ontario's CRC meetings.
j. Contribute to key ministry documents, including the Budget, Fall Statement, and quarterly finances; and advise on financial	Advise on potential financial/treasury implications of government initiatives on IOD, borrowing objectives, credit ratings, and financial markets' reactions. Complete the Borrowing and Debt Management chapter, including the Financing Table, in the Budget and Fall Statement.	Ensure potential financial/treasury implications are considered in developing government financial objectives, including meeting the requirements of the *Fiscal Transparency and Accountability Act.*

Objective	Performance Measure	Target
implications of government initiatives.		Provide the Borrowing and Debt Management chapter in the Budget and Fall Statement; and update Ontario's Financing Program in Ontario Finances (quarterly).

3. Manage key financial relationships

Objective	Performance Measure	Target
a. Manage Ontario's relationships with domestic and international investors.	Maintain dialogues with investors, investment dealers and the international investment community by providing timely financial updates, including investor publications and securities filing documents.	Continue to monitor fixed income markets, economic conditions, and investors' interests and requirements to ensure road shows are effective for both the Province and its investors. Investor Relations to continue to track meeting activity with investors. Program benchmarks to include number of meetings with new accounts, effectiveness of communications material and website usage. Provide IR information products, including updates to the OFA website, on a timely basis. Meet ongoing disclosure and regulatory filing requirements with the SEC, UKLA, LuxSE, ASX, SIX Exchange Regulation and the SGX. Provide panelists or speakers at domestic and international industry conferences.
b. Manage Ontario's relationships with the credit rating agencies.	Ensure that credit rating agencies understand government policies, budget, and fiscal performance, properly reflecting these in their reports and decisions.	Following the release of the Budget, senior OFA and Ministry of Finance staff will meet with the rating agencies. Throughout the year, agencies will be kept informed of the government's ongoing economic and fiscal progress.

Objective	Performance Measure	Target
c. Manage Ontario's relationships with banks, financial services providers, and investment dealers.	Maintain relationships with banks, financial services providers, and investment dealers who provide the Province with banking, underwriting, custodial and fiscal agency services, thereby maintaining the Province's reputation and supporting its strategic direction to provide financial and cash management services. Maintain relationships with swap counterparties.	Ensure banking, underwriting, custodial and fiscal agency services provided to the OFA are cost-effective with minimal impact on IOD. Promote Toronto as a global financial centre. Ensure compliance with existing collateralized swap agreements in a timely and accurate manner on a daily basis. The OFA will endeavour to enter into collateralized swap agreements with more swap counterparties to limit credit risk.

4. Provide services related to cash management, banking, settlement, payment, financial and reporting, and client services.

Objective	Performance Measure	Target
a. Arrange OPS-wide cost-effective banking services that minimize the Province's expenditures.	Acquire cost-effective banking products and services to support government ministries' program delivery, Crown agencies' banking activities and OFA's debt and investment management activities through the government's tendering process.	Issue, award and implement tenders for banking and financial services to ensure service continuity and program area needs are met. Monitor vendors' post-implementation performance. Work with central agencies, ministry program areas, and financial service providers to increase take up of existing electronic payment mechanisms and identify industry trends and new banking technology, which can be leveraged to reduce costs and improve service delivery and back-office processes. Ensure continued compliance with mandatory requirements imposed by external parties such as Federal bodies and industry groups. Participate in government and industry working groups/task forces on developing innovative solutions to enhance banking and payment efficiencies.

Objective	Performance Measure	Target
		Provide comprehensive and timely banking advice to program areas and agencies supporting government initiatives.
b. Provide centralized cash management services that maximize liquid reserves returns.	Ensure the provision of timely and accurate cash information for the development of the Financing Table in the Annual Budget and Fall Economic Statements. High service standards on service contracts with client agencies to maintain client satisfaction.	Provide actual and forecast liquid reserve numbers for the Financing Table in the Province's Quarterly Statements and Annual Budget that stand up to scrutiny by internal and external stakeholders. Ensure relevant performance measures in client agency agreements are met or exceeded.
c. Timely and accurate forecasts to align borrowing with cash management requirements, helping to reduce IOD.	Reliable and accurate cash forecasts for the Province and client agencies.	Ensure that the Province has sufficient cash available at all times to meet its financial obligations. Continually enhance the Cash Management System, keeping it responsive to changing needs, technology, and the IT environment within the OPS.
d. Advocacy of best practices in cash management across the OPS	Policy advice where required to assist programs in complying with the Cash Management Directive.	Improved compliance with the Cash Management Directive; implementation of policies more in line with best practices.
e. Provide efficient, accurate and timely settlement and payment processes, and implement appropriate settlements industry best practices.	Ensure debt management, investments, derivatives, and loans are recorded and processed efficiently and accurately. Ensure that ITS, the OFA's system of record for debt, derivatives, and assets, continues to operate effectively. Adoption of industry best practices.	Make system and procedural enhancements to improve the efficiency and effectiveness of settlements' functions, and continue to mitigate operational risk. Replace the Public Bodies Financing System with a user friendly and efficient system that is either developed internally or sourced externally.

Objective	Performance Measure	Target
f. Provide timely and accurate financial reporting for the Province in relation to debt, derivatives and investments, and the agency financial statements.	Ensure security and proper records of transactions. Provide high quality financial information for publication in a timely and accurate manner.	Enhance internal controls on accounting records by applying best practices and staff training. Prepare internal reporting to ensure data integrity. Through research and continuous review, ensure that accounting records and financial reporting are prepared in accordance with applicable PSAB requirements. Provide timely and accurate information for the Province's Budget, Estimates, quarterly Finances and Public Accounts. Provide timely and accurate agency financial statements that pass the scrutiny of the OFA Board and its Audit and Risk Management Committee as well as the Office of the Provincial Auditor General which functions as the OFA's external auditor.
g. Monitor and assess accounting developments that affect the financial reporting for the Province and its agencies.	Keep abreast of current accounting developments in various jurisdictions: the International Accounting Standards Board (IASB), the Financial Accounting Standards Board in the U.S. (FASB), and the Accounting Standards Board and the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.	Continue to monitor developments in accounting standards set by PSAB and other standard setting bodies that may affect the Province and agency reporting. Assume the role of subject matter expert on developments in accounting standards that impact borrowing and debt management as well as related areas. In coordination with other provinces, actively bring the collective concerns of Ontario and the other provinces on the Financial Instruments standard to PSAB. Continue to liaise effectively with the Office of the Provincial Controller and the Office of the Auditor General of Ontario in making recommendations and/or responses on PSAB's review of these and other standards that impact on borrowing and debt management.

5. Advise on and implement corporate and electricity finance projects and policies

Objective	Performance Measure	Target
a. Provide financial analysis and advice on financing and other proposals that have capital markets implications. Develop the structure and negotiate the detailed terms and conditions of any transactions to minimize costs and best meet market expectations.	Cost-effective leasing policies and structures. Appropriate due diligence on financing aspects of asset management projects. Comprehensive advice on structuring and completing financial transactions. Accurate determination of value for money benchmarks and evaluating and recommending interest rates.	Comprehensive, timely and accurate advice to support objectives. OFA to be viewed across the government as a centre of excellence in financial analysis and providing high quality financial advice.
b. Provide financial analysis and advice on cost- effective borrowing, investing, and risk management by public bodies. Negotiate the detailed terms and conditions of any loans to be guaranteed to minimize costs and best meet market expectations.	Borrowing and investing through financial markets as cost-effectively as possible and within appropriate risk management frameworks for each client.	Comprehensive, timely and accurate advice to consolidated public bodies.
c. Provide financial analysis and advice on transactions requiring a provincial guarantee or that may otherwise increase the indebtedness or contingent liabilities of Ontario.	Comprehensive, accurate and timely review and identification of risks and potential risk mitigation strategies.	Comprehensive, timely and accurate advice as required.

Objective	Performance Measure	Target
d. Provide analysis and advice on electricity policies and initiatives that have potential financial, fiscal, and/or economic implications on the Province and/or OEFC.	Early identification and development of analysis and options to effectively assess and address opportunities, pressures and/or risks to the Province or OEFC.	Comprehensive, timely and accurate analysis and advice, as required, including on the following: • Electricity supply, conservation, transmission, distribution and other electricity price mitigation initiatives. • Nuclear supply, including nuclear refurbishments. • Ongoing implementation of the ALGP. • Ongoing implementation of IEI program, ICI, NIER program and the OREC.
e. Analysis and modelling to support the OEFC's objectives, including monitoring of OPG and Hydro One results.	Concise, accurate and timely reports and briefings as required.	Provide analytical and modelling support, as required, for the OEFC annual audit and reporting process. Continue regular financial update meetings with OPG to monitor financial performance. Provide required analysis to support management of NUG contracts (e.g., contract/rate negotiations, and NUG litigation.)
f. Provide electricity sector projections for the Province and the OEFC.	Ensure projections are provided in a timely manner, using best available information and reasonable assumptions.	Provide projections for the current year and medium-term for the Province's Budget, Fall Statement and quarterly finances; as well as projections for OEFC on an annual and quarterly basis. Provide regular updates on projections versus plan.
g. Analysis and advice to support the effective administration of ONFA, including approving annual budgets, monitoring fund balances, managing the Provincial Guarantee provided to the Canadian Nuclear Safety Commission (CNSC), and monitoring policies and other initiatives related to nuclear liabilities.	Comprehensive and appropriate due diligence performed on annual budgets, reference plans, disbursements and financial documents.	Review and approve annual budgets, including investment related expenses, change requests, and disbursements as per ONFA timelines. Ensure budgets are consistent with approved reference plans and only eligible costs are funded. Ensure fund flows follow ONFA requirements through audits and review of financial documents. Review and monitor plans and projects related to managing nuclear liabilities for decommissioning and waste management.

Objective	Performance Measure	Target
		Monitor and review the ONFA Reference Plan and OPG's financial guarantee to the CNSC as nuclear liability estimates are revised and as segregated funds change in value. Provide analysis and advice on OPG's contribution schedules to its nuclear funds.
h. Provide advice, as required, on evaluating the Province's assets, including investments in its business enterprises and analysis and advice on optimisation to enhance efficiency and maximize value.	Ensure required analysis, advice, and briefings are comprehensive, timely and accurate.	Provide timely and highly reliable financial advisory services as required, including modeling, option development, and the identification of key considerations to support OFA, Ministry of Finance and Provincial decision-making. Provide financial analysis and advice related to the Province's holdings of Hydro One shares. Provide analysis and advice related to the Province's asset optimization initiative and its real estate portfolio, in particular the sale of the Seaton lands.
i. Provide financial analysis and advice on corporate issues and initiatives	Ensure required analysis, advice, and briefings are accurate, timely, and comprehensive.	Provide expert financial analysis and advice as required, including modeling proposals and structuring transactions. OFA CEO, or delegate, participation and leadership on Boards and Committees overseeing these initiatives.

6. Ensure the successful activation of OFA's decentralized Business Continuity Plan

Objective	Performance Measure	Target
a. Review and update the Corporate BCP framework and business unit plans.	Business units being able to successfully complete their identified critical time-sensitive tasks from decentralized locations.	Maintain staff awareness and readiness to implement the Corporate and business units' plans to meet business requirements in the event of a business disruption. Conduct and assess periodic BCP tests.

HUMAN RESOURCES

Staff allocation for 2017–18 is 166 positions, or full-time equivalents (FTEs), excluding leaves of absences. Between 2007–08 and 2017–18, the borrowing program is projected to increase by 43 per cent, from $18.0 billion to $25.8 billion, and the Province's net debt is projected to increase by 99 per cent, from $156.6 billion to $311.7 billion. The OFA's operating costs (forecasted) increased by 22 per cent, from $22.5 million to $27.5 million, and FTEs dropped by three per cent, from 172 to 166.

The OFA continually reviews its recruitment and retention strategies to ensure it is able to attract and retain qualified staff. Some of the initiatives that have been implemented include supporting flexible work arrangements, and implementing diversity, inclusion and accessibility strategies. Approximately 85 per cent of the OFA is on the government compensation plan, which is controlled centrally. All but five positions are excluded from collective bargaining.

The OFA will continue to work with the HRGC and the Ministry of Finance Human Resources Branch to develop further initiatives to promote staff retention and skills development. The OFA will also continue to work with the OPS Recruitment Centre to enhance the OFA's ability to attract qualified candidates. This will ensure the OFA can meet its current and future business priorities. Initiatives may include providing opportunities for staff to participate in learning and development courses, job shadowing, secondments, and special projects to the extent feasible to enable continuous learning and enhance succession planning.

FINANCIAL BUDGET

OFA Multi-Year Operating Expenditure Forecast

(in thousands of dollars)	2017–18		Forecasts*		
	Budgeted	**Interim Forecast**	**2018–19**	**2019–20**	**2020–21**
Salaries	19,876	19,876	20,274	19,876	19,876
Benefits	2,299	2,299	2,345	2,299	2,299
ODOE	5,352	5,351	5,387	5,346	5,351
Sub-total Cash DOE	27,527	27,526	28,006	27,521	27,526
Add: Amortization	789	749	770	787	807
Less: Capital Expenditure	(817)	(815)	(795)	(810)	(815)
Direct Operating Expense	**27,499**	**27,460**	**27,981**	**27,498**	**27,518**

Staffing levels are forecast to remain at 166 positions (FTE basis) over the planning horizon.

The tables and financial statements included in this document have been prepared on an accrual basis of accounting to correspond with the OFA Financial Statements.

*Forecasts represent the submission through 2018–19 Program Review, Renewal & Transformation (PRRT) process to the Treasury Board. Subject to Treasury Board approval.

OFA - Income Statement Projections

(in thousands of dollars)	2017–18		Forecasts*		
	Budgeted	**Interim Forecast**	**2018–19**	**2019–20**	**2020–21**
Revenue					
Interest Revenue	3,305	3,486	3,491	3,311	3,132
Cost Recovery from the Province	22,640	22,623	23,009	22,412	22,318
Cost Recovery from agencies /related parties	4,859	4,837	4,972	5,086	5,200
Total	30,804	30,946	31,472	30,809	30,650
Expenditure					
Operating Expense	27,499	27,460	27,981	27,498	27,518
Total	27,499	27,460	27,981	27,498	27,518
Net Income	**3,305**	**3,486**	**3,491**	**3,311**	**3,132**

*Forecasts represent the submission through 2018–19 Program Review, Renewal & Transformation (PRRT) process to the Treasury Board. Subject to Treasury Board approval.

STRATEGIC CORPORATE SERVICES

Strategic Corporate Services Division (SCSD) is accountable for delivering robust Information Technology, Strategic Human Resources Management, Records and Information Management, Procurement and Policy Management, Facilities Management and Physical and Cyber Security Services. Enhancements to each of these areas drives efficiency, auditability and consistency throughout the organization. SCSD ensures the OFA's and OEFC's core business objectives are supported by reliable, dedicated, customized and integrated technology infrastructure, business applications, administrative process and access to external real-time data sources.

A major focus of SCSD is to support the OFA's core operational business processes. By actively assessing and adjusting the underlying functions that enable the day-to-day business needs, SCSD is able to provide streamlined solutions that increase the safety and wellbeing of the staff, further the OPS Diversity and Inclusion commitments, and provide transparency into procurement and human resource activities.

In addition, reliable and secure information technology is essential to the OFA's ability to deliver its mandate. To that end, SCSD strives to ensure that business applications and related services are not down more than four times a year for a period greater than 30 minutes for each occurrence during normal business hours. The OFA's financial business functions are powerfully supported by SCSD's technology infrastructure, providing availability, integrity, security, and capacity via high-performance, highly-redundant systems at a competitive cost. SCSD can effectively deliver and maintain state-of-the-art financial systems and services because of OFA's internal management of information technology.

The following initiatives will be carried out over the next three years to support the OFA's strategic direction and objectives:

Initiative	Duration	Contribution to key OFA activities
Automate and enhance structured, processes across the organization such as Asset and Inventory Management.	2018–19	Address the organization's increased focus on procurement practices.
Increase the effective management and delivery of IT projects through centralized, standardized processes and controls.	2018–19	Continue to enhance delivery and effectiveness of resources in project management efforts. Support OFA objectives in the delivery of technical initiatives.
Expand core systems to track new government initiatives, allow for greater flexibility in hedge portfolio group splitting, strengthen bond and swap pricing modules and Implement applicable changes as per financial and regulatory reform requirements.	2018–20	Support a large borrowing program and the corresponding large volume of associated hedging activity; provide flexibility to support the commodities hedging program conducted by the OFA for Metrolinx; and the continuation of new government initiatives, including Ontario Green Bonds, and the Trillium Trust.
Through iterative enhancements to technology and policy, ensure the security of information assets and infrastructure across multiple platforms.	2018–20	Address increased requirements for integrated communication solutions as well as data anytime, anywhere. Enhance support for the OFA's BCP.

Creating and enhancing OFA business dashboards to gain increased insight and enhance trading and portfolio management information.	2018–20	Provide OFA executives with timely information to support treasury and borrowing program activities.
Creating and enhancing KPIs and dashboards, reporting mechanisms to measure the performance of delivered corporate services.	2018–20	Provide OFA executives with timely information to support business activities.
Continuous IT infrastructure improvement that will enhance performance, increase capacity, and make the OFA's computing solution highly available.	2018–20	The OFA's financial business functions are well supported by its robust IT infrastructure, which is essential for the OFA to carry out its mandate.
Continuous IT security improvement that will ensure the integrity of the OFA's IT network and prevent any unintended data loss or unauthorized access. Review, revise, and develop IT policies and procedures based on emerging business or technology requirements.	2018–20	The OFA is proactive in ensuring that its systems are highly secure.
Continuous IT service delivery enhancement that will improve the process of incident management, change management, and problem management. Implement SCSD Service Catalogue and Configuration Management Database (CMDB).	2018–20	The OFA's financial business functions are well supported by various IT Services. A better service delivery framework is essential to deliver IT Services professionally and on a timely basis.
Streamline procurement through a centralized, process-driven methodology.	2018–21	Provides clear accountability, auditability and transparency.
Implementation of an Information Management Strategy that transitions the treatment of information from 'data' to an 'asset'.	2018–21	Promotes the retention of corporate knowledge within the organization.
Continuous Enterprise Project and Portfolio Management that will improve the ability to track, report and deliver on business and technology initiatives.	2018–20	Provides clear accountability, auditability and transparency.

INITIATIVES INVOLVING THIRD PARTIES

There are no third parties, other than the provincial government, with which the OFA is partnering or with which it has a funding relationship for the purpose of delivering OFA programs. Moreover, the OFA does not provide transfer payments (grants, subsidies, assistance to persons; the business sector; non-commercial institutions; and other government bodies) to third parties.

IMPLEMENTATION PLAN

For 2018–21, the OFA intends to implement its business plan using existing resources and allocations.

COMMUNICATION PLAN

Business Plan

The OFA Business Plan serves as an internal tool for management and staff in the development of program plans and, through the regular reporting of the status of initiatives to the Board of Directors, it serves as a performance measurement tool. The plan also communicates the OFA's business objectives to the Minister of Finance and the Ministry.

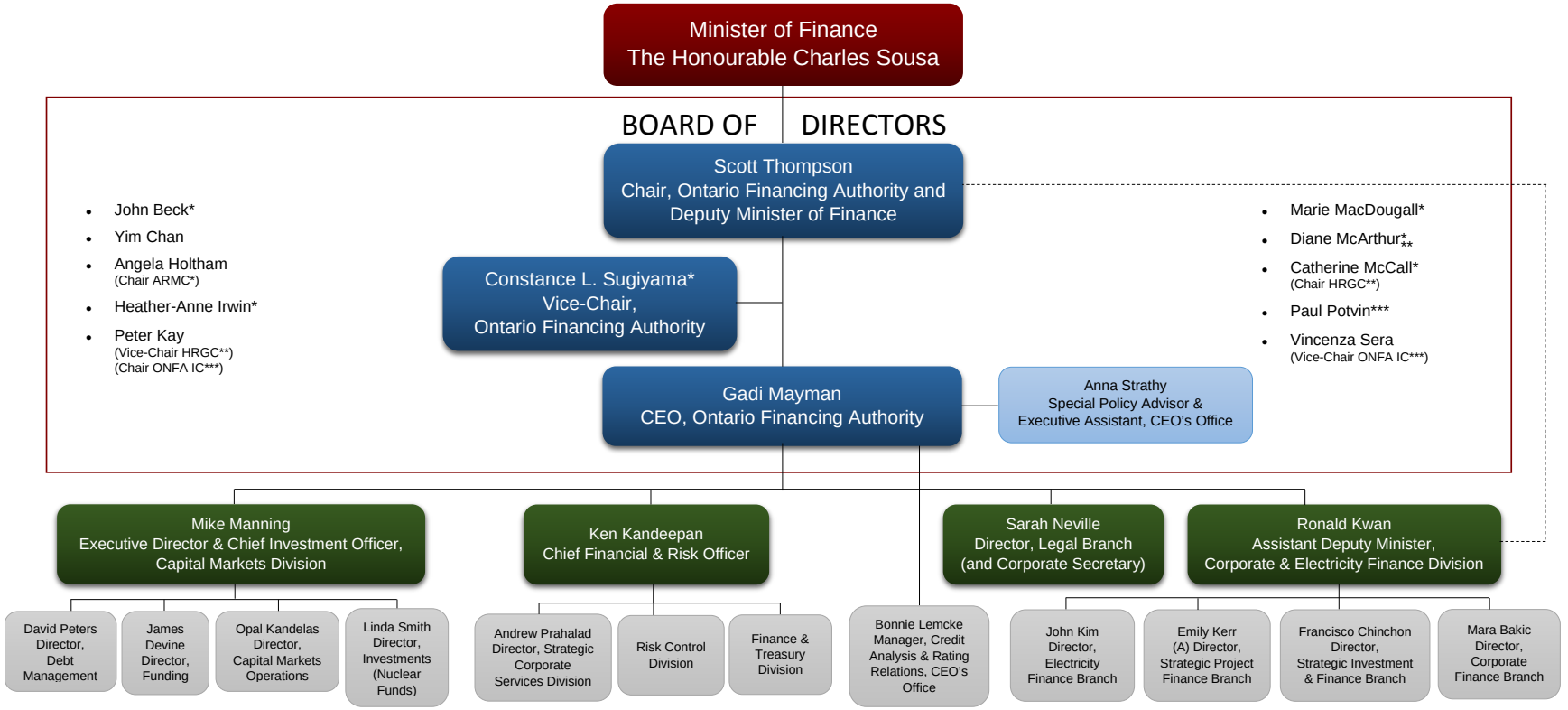
Other Communications

The OFA has a number of external stakeholders, including institutional and retail investors, investment dealers, banks, and credit rating agencies. In 2018–21, the OFA will communicate with stakeholders using various methods including:

1. Websites (including expense information): www.ofina.on.ca; www.ontariosavingsbonds.com; www.ofina.on.ca/algp;
2. Budget and quarterly updates: develop borrowing and debt management components;
3. Fact sheets, investor relations presentations, and other investor material (available on the website);
4. Annual Report (as required by the *Capital Investment Plan Act, 1993*);
5. Regulatory filings;
6. Business Plan; and
7. Memorandum of Understanding (MOU).

Other methods of communication to be used throughout the year are investor relations meetings and regular discussions with credit rating agencies. In addition, the OFA is responsible for the development of communications vehicles for OEFC and will continue to maintain the OEFC website, www.oefc.on.ca, and to produce the OEFC annual report.

ORGANIZATIONAL CHART



* ARMC = Audit & Risk Management Committee
** HRGC = Human Resources & Governance Committee
*** ONFA IC = Ontario Nuclear Funds Agreement Investment Committee

From: Sarah Harris
To: Lisa Stein; Salman Qadir
Cc: Bruno Amara; John Kim; William Tan
Subject: FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 4:10:42 PM
Attachments: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx
05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf
IESO_OFA FHP 2017 Credit Letter.docx

Hi Lisa and Salman,

I note that IESO made the following for the term of the credit facility request in their attached letter:

> o 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);

I think that an the actual date should be referenced in the OIC, since they are asking for slightly in excess of a 5 year period.

I think we would usually want to run the draft directive by Patrick as LSB as well?

Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,
Salman

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Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
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Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

~~**WHEREAS: [IESO has requsted funding…..]**~~

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~provide a~~lend ~~revolving credit facility~~ to the ~~Independent Electricity System Operator ("IESO")~~IESO under a revolving credit facility (the "Line of Credit") in an aggregate ~~total~~ principal amount of up to CAD $2,000,000,000.00 ~~(the "Loan")~~.

The following terms and conditions shall apply in respect of the ~~Loan~~Line of Credit:

1. The ~~Loan~~ Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of , and its participation in,the *Ontario Fair Hydro Plan Act, 2017.*

   A ~~Loan~~ Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than five years after the execution date of the Line of Credit.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

~~3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.~~

5. The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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As of now, IESO is requesting that advances be allowed for as minimum as 7-days. There is no equivalent rate for a 7-day borrowing. Initial conversations with CMD suggested we simply do "if advance less than 30 days, use 30-day t-bill" – or similarly, since advances are expected to be no more than 95 days, simply use 90-day t-bill rate for all advances.

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Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal totwenty-five (25) basis points.

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Should the spread be retained like most other loan agreements? Or should we remit this back to Province.

Dated , 2017

_____

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
- Interest shall be payable on the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
REFINANCING LOAN TO IESO

To: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") a principal amount of C$78.2 million (the "Loan") during the period from May 1, 2011, to May 1, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.

The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to May 1, 2013.
- Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $110 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2014.
- Effective as of May 1, 2013 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief

Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $95 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2017.
- Effective as of May 1, 2014 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

From: Lisa Stein
To: Kenneth Russell
Subject: FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 12:08:12 PM
Attachments: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx
05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf

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For our discussion this afternoon

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,
Salman

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

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Dated , 2017

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Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
- Interest shall be payable on the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
REFINANCING LOAN TO IESO

To: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") a principal amount of C$78.2 million (the "Loan") during the period from May 1, 2011, to May 1, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.

The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to May 1, 2013.
- Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $110 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2014.
- Effective as of May 1, 2013 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief

Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $95 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2017.
- Effective as of May 1, 2014 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 4:40:03 PM

FYI – for further discussion next week (Monday?)

From: Salman Qadir
Sent: Friday, June 09, 2017 4:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

Sarah's group is working on the agreement and the terms of the agreement, at a high level, are what were included in IESO's request letter, which the OFA appears to have agreed to.

I think the directive covers the key terms of the request which were in the request letter from IESO and anything further will be subject to any negotiation between OFA and IESO. If a specific term is in the directive language is causing an issue, we could leave it out?

It may look like a lot of track changes, but most of them are just moving things around.

I just don't want the directive to be similar to the term sheet since the term sheet may change if need be and the directive still needs flexibility for any negotiation that may need to occur.

Happy to share it with MOF legal as is as well.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

In my view it would be prudent to develop a term sheet prior to finalizing the draft directive as it is

currently missing details. Is this a possibility? Once I receive a term sheet I will create a new draft of the directive.

Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,
Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Michael Smith
To:	Lisa Stein
Cc:	Mara Bakic
Subject:	FW: ARMC meeting materials are attached
Date:	Thursday, June 22, 2017 2:29:08 PM
Attachments:	ARMC June 16, 2017 Meeting Materials.pdf ATT00001.htm

Lisa, the Annual Borrowing and On-lending Plan was in the June 16th OFA board materials, see attached, which was approved by the Board.

Thanks,
Michael

From: Mara Bakic
Sent: Thursday, June 15, 2017 9:11 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>
Subject: FW: ARMC meeting materials are attached

Hi Michael

Attached are the ARMC materials that Joan had send me this morning.
Borrowing and On-lending plan is item 7.
Joan has advised that we should plan to be at the meeting at 9:30 am unless we receive an email from her advising that our item has been delayed.

Mara

From: Joan Dougherty
Sent: Thursday, June 15, 2017 8:29 AM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>
Subject: ARMC meeting materials are attached

Hi Mara

I've included the agenda and all the materials in the event that you would like to have everything.

Best regards - -

Joan Dougherty
Ontario Financing Authority
1 Dundas Street West
12th Floor
Toronto, Ontario, M7A 1Y7
Tel: 416-325-8833
Fax2mail: 416-204-6674
Fax: 416-327-9302

OFA AUDIT & RISK MANAGEMENT COMMITTEE MEETING

June 16, 2017 @ 9:00 a.m. – 11:30 a.m.
OFA Executive Boardroom
One Dundas Street West, 14th Floor

Call in: (local) 416-212-8011; (long distance) 866-602-5461; (Conference ID) 2218108#

A G E N D A

Introductory Items

9.00

1. Call to Order (Chair)
2. Review of Agenda and Confirmation of Receipt of Meeting Material (Chair)
3. Declaration of Possible Conflicts (Chair)
4. Legal Compliance Report (Sarah Neville)
5. Educational initiatives (Sarah Neville)

Decision Items

6. Recommendation of OFA financial statements for the year ended March 31, 2017 **6**
   - i. Presentation of financial statements including discussion of any new accounting principles (Ken Kandeepan, Siva Nathan)
   - ii. Presentation of Auditor General's Audit Findings Report including cooperation by staff with audit and notice of any pending management letter (Office of the Auditor General)
   - iii. Confirmation that auditors review included consideration of financial information in draft Annual Report (Office of the Auditor General)
   - iv. In camera discussion consecutively with:
     - Chief Financial & Risk Officer
     - Director Internal Audit Division
     - Office of the Auditor General
   - v. Confirmation by Chief Financial & Risk Officer regarding the financial statements (Ken Kandeepan)
   - vi. Recommendation for Board approval of financial statements

9:30

7. Approval of Minutes of Meeting held on April 21, 2017 and Signing of the Minutes (Angela Holtham, Sarah Neville) **7**
8. Recommendation of OFA Borrowing and On-Lending Plan – Fiscal 2017-18 (Mara Bakic) **8**
9. Recommendation of Approval of Revised SIPP for Liquid Reserves (Mike Manning) **9**
10. Review of Policy on the Use of Derivatives (Ken Kandeepan) **10**
11. Recommendation of amendments to the OFA ARMC Charter (Sarah Neville) **11**

Discussion Items and Reports

9:55	12. List of action items from the April 21, 2017 ARMC Meeting	**12**
	13. Report from Audit Services Branch including annual information regarding internal auditors' qualifications, and confirmation of recommended changes to the Audit and Consulting Plan (Gordon Nowlan)	**13**
	14. Quarterly PSAB update (Ken Kandeepan)	
	15. Quarterly Program Status, Exposures and Results Report (Ken Kandeepan)	**15**
	16. Quarterly Report on IT Projects including update on implementation of divisional strategy (Andrew Prahalad)	**16**
	17. Quarterly procurement report (Sarah Neville, Andrew Prahalad)	**17**
	18. Quarterly Debt and Derivative Portfolio Report (Mike Manning)	**18**
	19. Quarterly Investment Summary Report (Mike Manning)	**19**
	20. Quarterly Audit & Risk Management Committee work plan status report (Sarah Neville)	**20**
10:45	21. Presentation of the fair hydro plan (Ron Kwan)	**21**
11:15	22. In-camera session for Committee members (Chair) - Annual litigation report (Sarah Neville)	
	Closing Items	
	23. Future agenda items, and additional meetings (Sarah Neville)	
	24. Other business	
11:30	25. Termination	

Next Meeting - September 15, 2017 @ 9:00 a.m. – 11:30 a.m.

AUDIT & RISK MANAGEMENT COMMITTEE MEMBERS

Angela Holtham, Chair
John Beck
Lorraine Bell
Marie MacDougall
Diane McArthur
Catherine McCall
Constance Sugiyama

OFA Board Secretary

Sarah Neville - OFA Legal Director

INVITEES

OFA BOARD OF DIRECTORS

Heather-Anne Irwin
Peter Kay
Paul Potvin
Vincenza Sera

OFA Staff

Mara Bakic	-	Director, Corporate Finance, Corporate and Electricity Finance Division
Ken Kandeepan	-	Chief Financial and Risk Officer, Finance & Treasury Division and Risk Control Division
Ron Kwan	-	ADM, Corporate and Electricity Finance Division
Mike Manning	-	Executive Director, Capital Markets Division
Siva Nathan	-	Manager, Accounting & Finance Reporting-Agencies
Andrew Prahalad	-	Sr Mgr Strategic Corporate Services, Strategic Corporate Services

Ontario Internal Audit Division, Treasury Board Office

Gordon Nowlan	-	Director
Curtis Kimball	-	IT Audit Manager
Lydia Zhu	-	Senior Audit Manager

Office of the Auditor General

Teresa Carello	-	Audit Director
Jeremy Blair	-	Audit Manager

OFA ARMC MEETING
RESOLUTION: June 16, 2017

Financial Statements for Year Ended March 31, 2017

Resolved that:

1. The audited financial statements of the OFA for the year ended March 31, 2017, in the form presented to this meeting, are recommended to the OFA Board of Directors for approval.

2. The Chair and CEO are authorized to sign the balance sheet as evidence of the Board's approval of the financial statements.

ONTARIO FINANCING AUTHORITY

MANAGEMENT SUMMARY OF FINANCIAL RESULTS

For the year ended March 31, 2017

REVENUE

Total Revenue increased by $0.4 million, from $27.2 million in March 31, 2016 to $27.6 million for the year ended March 31, 2017.

This is largely due to:

- an increase of $0.1 M ($4.8M vs. $4.7M) in cost recovery from the Province as a result of higher operating expenses ($23.9M vs. $23.8 M)
- an increase of $0.3M in additional interest revenue ($3.7M vs $3.4) due to an increase in partial retention of interest rate spread on higher loans to colleges and corporations ($522.3M vs. $350.5M) and a higher interest income earned on higher bank balances ($ 21.7M vs $18.4 M).

EXPENSES

Year-over-year comparison of total expenses for the year ended March 31, 2017 revealed that expenses increased by $0.1 million ($23.9 M, to $23.8M).

The increase in the actual expenses is mainly attributable to:

- an increase in salaries and benefits by $0.2 M ($19.3M vs. $19.1M) primarily due to salary increases for staff offset by delays in filling vacancies as well as staff on parental leave replaced by lower cost contract staff

Partly off-set by,

- Lower administrative and general expenses of $0.1M ($3.8M vs. $3.9M) due to lower rental expenses related to prior year-end adjustment for operating and maintenance expenses ($1.8M vs. $1.9M).

ONTARIO FINANCING AUTHORITY

Unaudited Financial Statements

for the year ended March 31, 2017

Summary of Financial Results

The Ontario Financing Authority (OFA) manages the Province's debt, interest on debt, and investment of liquid reserves, and recovers the cost of these services from the Province. The OFA also provides financial services to Crown agencies and other public bodies and these costs are recovered on a fee-for-service basis.

The outstanding balance of the loans to public bodies at March 31, 2017 was $6,003.5 million, a net increase of $31.1 million from $5,972.4 million in March 2016 (Note 5). The table below summarizes these changes:

(in thousands of dollars)

Borrower	March 31, 2017	March 31, 2016	Change
Centennial Centre of Science and Technology	-	500	(500)
Colleges of Applied Art and Technologies	320.653	221,450	99,203
Corporation of the City of Windsor	8,171	9,916	(1,745)
Independent Electricity System Operator	81,209	-	81,209
Niagara Parks Commission	4,553	4,876	(323)
Ontario Lottery and Gaming Corporation	33,769	34,085	(316)
Ontario Northland Transportation Commission	2,564	2,950	(386)
Ottawa Convention Centre Corporation	48,016	45,872	2,144
Royal Ontario Museum	26,000	30,145	(4,145)
School Boards	5,473,075	5,611,958	(138,883)
University of Ontario Institute of Technology	5,501	10,611	(5,110)
			31,148

The OFA continued to provide investment management services to other public bodies in managing aggregate investment amount of $1,904 million (2016 – $2,733 million) (Note 6).

The OFA recovered operating costs from agencies and related parties amounting to $4.8 million for the year ended March 31, 2017 (2016 – $4.8 million) (Note 6). The OFA's annual surplus for the year amounted to $3.7 million (2016 – $3.4 million) from the retention of the interest rate spread on loans to public bodies.

Prudent financial management on the part of the OFA ensured that actual expenditures continued to be below the budget resulting in cost recoveries from the Province that were $3.0 million lower than the budgeted amount. Interest revenue was $0.7 million greater than the budget contributing to an equal increase in the annual surplus.

ONTARIO FINANCING AUTHORITY

Statement of Financial Position

As at March 31, 2017

(in thousands of dollars)		**2017**		*2016*
FINANCIAL ASSETS				
Cash	$	21,664	*$*	*18,400*
Due from agencies & related parties (Note 6)(c)		3,555		*3,088*
Due from the Province of Ontario		1,743		*1,919*
		26,962		*23,407*
LIABILITIES				
Accounts payable and accrued liabilities		1,743		*1,919*
Due to the Province of Ontario		1,422		*1,346*
Deferred revenue (Note 3)		1,504		*1,551*
		4,669		*4,816*
Net financial assets		**22,293**		***18,591***
NON-FINANCIAL ASSETS				
Tangible capital assets (Note 2)		1,196		*1,201*
Prepaid expenses		308		*350*
		1,504		*1,551*
Accumulated surplus	$	**23,797**	***$***	***20,142***

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY

Statement of Operations

For the year ended March 31, 2017

(in thousands of dollars)	**2017 Budget**	**2017 Actual**	***2016 Actual***
REVENUE			
Cost recovery from the Province of Ontario (Note 4)	$ 21,326	$ 18,280	*$ 18,268*
Cost recovery from Agencies & related parties (Note 6) (c)	4,861	4,841	*4,753*
Amortization of deferred capital contributions (Note 3)	881	831	*782*
Interest revenue (Note 5)	3,003	3,655	*3,364*
	30,071	27,607	*27,167*
EXPENSES			
Salaries, wages and benefits	21,250	19,257	*19,098*
Administrative and general	4,937	3,864	*3,923*
Amortization of tangible capital assets (Note 3)	881	831	*782*
	27,068	23,952	*23,803*
Annual surplus	3,003	3,655	*3,364*
Accumulated surplus at beginning of year	20,142	20,142	*16,778*
Accumulated surplus at end of year	$ 23,145	$ 23,797	*$ 20,142*

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY

Statement of Change in Net Financial Assets

For the year ended March 31, 2017

(in thousands of dollars)		**2017 Budget**		**2017 Actual**		*2016 Actual*
Annual Surplus	$	3,003	$	3,655	*$*	*3,364*
Acquisition of tangible capital assets (Note 3)		(865)		(826)		*(722)*
Amortization of tangible capital assets (Note 3)		881		831		*782*
Prepaid expenses		-		42		*22*
Change in net financial assets		3,019		3,702		*3,446*
Net financial assets at beginning of year		18,591		18,591		*15,145*
Net assets at end of year	$	21,610	$	22,293	*$*	*18,591*

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY

Statement of Cash Flow

For the year ended March 31, 2017

(in thousands of dollars)		***2017***		***2016***
Operating transactions				
Annual Surplus	$	3,655	*$*	*3,364*
Amortization of Tangible Capital Assets		831		*782*
Increase in due from agencies & related parties		(467)		*(247)*
Decrease/(Increase) in due from the Province		176		*(122)*
(Decrease)/Increase in Accounts Payable		(176)		*122*
Decrease in prepaid expenses		42		*22*
Increase in recoveries payable to the Province		76		*5*
Decrease in deferred revenue		(47)		*(82)*
Cash provided by operating transactions		4,090		*3,844*
Capital transactions				
Cash used to acquire tangible capital assets		(826)		*(722)*
Cash applied to capital transactions		(826)		*(722)*
Increase in cash		3,264		*3,122*
Cash at beginning of year		18,400		*15,278*
Cash at end of year	**$**	**21,664**	***$***	***18,400***

See accompanying notes to financial statements.

ONTARIO FINANCING AUTHORITY

Notes to Financial Statements

For the year ended March 31, 2017

BACKGROUND

The Ontario Financing Authority (the "OFA") was established as an agency, of the Crown, on November 15, 1993, by the *Capital Investment Plan Act, 1993* (the "Act"). In accordance with the Act, the OFA:

- conducts borrowing, investment and financial risk management for the Province of Ontario ("the Province");
- manages the Provincial debt;
- provides centralized financial services for the Province including banking and cash management;
- advises ministries, Crown agencies and other public bodies on financial policies and projects;
- assists Crown agencies and other public bodies to borrow and invest money;
- acts at the direction of the Province in lending to certain public bodies;
- invests on behalf of some public bodies;
- with Ontario Power Generation Inc. (OPG), manages the investment activities of OPG's Used Fuel Segregated Fund and Decommissioning Segregated Fund; and
- carries out the day-to-day operations of Ontario Electricity Financial Corporation (OEFC) and provides a broad range of financial services to Ontario Infrastructure and Lands Corporation (Infrastructure Ontario).

In addition, the OFA's objects include:

- providing such other financial services as are considered advantageous to the Province or any public body; and
- any additional objects as directed by the Lieutenant Governor in Council.

The OFA is a corporation established under the laws of Ontario. The OFA is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the *Income Tax Act* (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting: These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

(b) Tangible capital assets: Tangible capital assets are stated at cost. Amortization is provided using the straight-line method over the estimated useful life of the asset, as listed below.

Furniture and equipment	5 years
Computer hardware	3 years
Leasehold improvements	Term of lease

Funding received from the Province for the acquisition of tangible capital assets is recorded as deferred revenue and amortized to cost recovery on the same basis as the tangible capital assets.

(c) Measurement uncertainty: The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include: useful life of tangible capital assets, accruals and the accrued benefit obligation. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

(d) Accounts Payable and Accrued Liabilities: Accounts payable relate to normal business transactions with third-party vendors and are subject to standard commercial terms. Accrued liabilities relate to accruals for salaries and benefits.

(**e) Revenue and Expenses**: OFA is funded from the Consolidated Revenue Fund (CRF) as part of Treasury Program. OFA can charge fees subject to statutory and regulatory authority and it earns revenues from public bodies outside of the CRF; the OFA retains revenues earned from the interest rate spread on its loans to public bodies.

(f) Financial Instruments: The OFA's financial assets and liabilities are accounted for as follows:

- Cash is subject to an insignificant risk of change in value so carrying value approximates fair value;

- Accounts receivable, Due from Agencies & related parties, Due from the Province of Ontario, accounts payable, Due to the Province of Ontario and Deferred Revenue are recorded at cost; and

- Accrued employee benefits obligation is recorded at cost on the entitlements earned by employees up to March 31, 2017 (disclosed in note 8 b). A fair value estimate based on actuarial assumptions about when these benefits will actually be paid has not been made, as it is not expected that there would be a significant difference from the recorded amount.

The OFA does not use derivative financial instruments on its own behalf.

2. TANGIBLE CAPITAL ASSETS

Year ended March 31, 2017

(in thousands of dollars)	Computer Hardware	Leasehold Improvements	Furniture and Equipment	Total
Cost				
Opening balance, April 1, 2016	13,650	1,833	1,093	16,576
Additions	768	25	33	826
Disposals	(392)	–	–	(392)
Closing balance, March 31, 2017	14,026	1,858	1,126	17,010
Accumulated Depreciation				
Opening balance, April 1, 2016	12,702	1,608	1,065	15,375
Amortization	638	182	11	831
Disposals	(392)	–	–	(392)
Closing balance, March 31, 2017	12,948	1,790	1,076	15,814
Net Book Value, March 31, 2017	1,078	68	50	1,196

Year ended March 31, 2016

(in thousands of dollars)	Computer Hardware	Leasehold Improvements	Furniture and Equipment	Total
Cost				
Opening balance, April 1, 2015	13,072	1,833	1,068	15,973
Additions	697	–	25	722
Disposals	(119)	–	–	(119)
Closing balance, March 31, 2016	13,650	1,833	1,093	16,576
Accumulated Depreciation				
Opening balance, April 1, 2015	12,227	1,428	1,057	14,712
Amortization	594	180	8	782
Disposals	(119)	–	–	(119)
Closing balance, March 31, 2016	12,702	1,608	1,065	15,375
Net Book Value, March 31, 2016	$948	$225	$28	$1,201

3. DEFERRED REVENUE

Deferred revenue represents the unamortized portion of the cost recovered from the Province for the acquisition of tangible capital assets as well as prepaid expenses to be allocated over the period the resources are consumed.

(in thousands of dollars)

	Tangible Capital Assets	Prepaid Expenses	Total
Balance, beginning of year	$ 1,201	$ 350	$ 1,551
Additions	826	548	1,374
Amortization	(831)	–	(831)
Expensed in the current year	–	(590)	(590)
Balance, end of year	1,196	308	1,504

Amortization of $831,000 represents the offset to the contributions received for the purchase of tangible capital assets. The $590,000 expensed represents the amount allocated to the current year expenses from the prepaid expenses.

4. DEBT AND INVESTMENT MANAGEMENT FOR THE PROVINCE

The OFA manages debt on behalf of the Province amounting to $332.4 billion, as at March 31, 2017 (2016 Actual–$327.4 billion) as per the interim projection published in the 2017 Annual Budget. The OFA also manages investments amounting to $44.4 billion as at March 31, 2017 (2016 – $47.0 billion), including $19.9 billion (2016-$18.6 billion) under the joint management of funds owned by Ontario Power Generation Inc. (OPG) under the *Ontario Nuclear Funds Agreement (ONFA)*. The Province, OPG and certain OPG subsidiaries entered into the agreement in March 2002 to set aside funds necessary to dispose of nuclear waste and used fuel and to decommission nuclear power stations. The agreement came into force on July 24, 2003.

Cost recovery from the Province for all debt management and investment activities for the year ended March 31, 2017 was $18.3 million (2016 – $18.3 million).

5. TRANSACTIONS WITH PUBLIC BODIES

The OFA provides financing to various public bodies on direction from the Province. As the OFA is directed by the Province to make these loans in furtherance of stated Provincial initiatives, and these loans are included in the Province's consolidated financial statements, these transactions are not reflected in these financial statements.

Funds for these loans are advanced to the OFA by the Province under credit facilities aggregating $16.9 billion expiring from 2036 to 2044. Principal repayments received from public bodies by the OFA are forwarded to the Province. The interest rates charged to public bodies is generally be slightly higher than the rate charged by the Province on the advances to fund the loans ("the spread").

The OFA will generally retain a portion of the spread in order to recover the administrative costs of managing these loans. The spread retained by the OFA includes a cost recovery component and, where applicable, a proxy commercial interest rate spread. The inclusion of the proxy commercial spread results in an interest rate equivalent to what would be charged on the loan by a commercial lender and reflects the relative risk associated with the loan. During the year ended March 31, 2017, $3.7 million in interest rate spread revenue was recognized (2016 – $3.4 million) of which $2.1 million is receivable at year end (2016 –$1.7 million).

As at March 31, 2017, the principal amounts receivable by the OFA on behalf of the Province represent long term and short term loans. Interest accrued on the outstanding loans listed below amounted to $93.9 million (2016 – $93.6 million), of which $92.7 million (2016 – $92.6 million) will be flowed to the Province.

These are related party transactions, with the exception of those with the Corporation of the City of Windsor and the University of Ontario Institute of Technology.

(in thousands of dollars)

	March 31, 2017	***March 31, 2016***
Centennial Centre of Science and Technology	$–	*$ 500*
Colleges of Applied Art and Technologies	320,653	*221,450*
Corporation of the City of Windsor	8,171	*9,916*
Independent Electricity System Operator	81,209	-
Niagara Parks Commission	4,553	*4,876*
Ontario Lottery and Gaming Corporation	33,769	*34,085*
Ottawa Convention Centre Corporation	48,016	*45,872*
Ontario Northland Transportation Commission	2,564	*2,950*
Royal Ontario Museum	26,000	*30,145*
School Boards	5,473,075	*5,611,958*
University of Ontario Institute of Technology	5,501	*10,611*
Total	**$6,003,511**	***$ 5,972,364***

Loans to Public Bodies by the Province:

The Centennial Centre of Science and Technology is a Crown agency of the Province under the *Centennial Centre of Science and Technology Act, 1990.* The loan made to fund the construction of the Agents of Change project matured in March 2017 and has been repaid in full.

Colleges of Applied Art and Technologies have been loaned $320.7 million (2016 – $221.5 million) for various campus projects including new and expanded student residences, computer equipment, parking facilities, and an energy saving capital project. These loans bear interest ranging from 0.90 per cent to 5.75 per cent and mature from 2018 to 2042.

The Corporation of the City of Windsor is a municipality within the meaning of the *Municipal Act*. The financing provided is for the acquisition, design and construction of the Windsor Justice Facility consisting of a provincial division courthouse and city police headquarters. This is a 20 year loan bearing interest at 6.41 per cent and maturing in March 2021. The outstanding balance is $8.2 million (2016 – $9.9 million).

The Independent Electricity System Operator (IESO) has been provided a maximum $975 million credit facility to primarily fund the Regulated Price Plan variance account. This credit facility has been extended until November 30, 2019. IESO has drawn $81.2 million from this facility as of March 31, 2017 bearing interest rate at 0.83 per cent and maturing on April 24, 2017.

The Niagara Parks Commission, a Crown agency of the Province, operating under *Niagara Parks Act, 1990*, has been provided a loan of $4.6 million (2016 – $4.9 million) to finance additional capital costs incurred for the redevelopment of phase I of Table Rock House in Queen Victoria Park, Niagara Falls. This loan bears interest at 5.07 per cent and matures in April 2027.

The Ontario Lottery and Gaming Corporation (OLG) is a Crown agency of the Province under the *Ontario Lottery and Gaming Corporation Act*, *1999*, and has been provided loans totalling $33.8 million (2016 – $34.1 million) to fund several projects, bearing interest at rates ranging from 0.98 to 2.32 per cent and maturing from October 2017 to January 2018.

The Ontario Northland Transportation Commission (ONTC) is a Crown agency of the Province under the *Ontario Northland Transportation Commission Act, 1990*. ONTC's total borrowing of $2.6 million (2016 – $2.9 million) matures from 2020 to 2031 and bears interest ranging from 4.90 to 5.22 per cent.

Ottawa Convention Centre Corporation (OCC) is a Crown agency of the Province governed under the *Ottawa Convention Centre Corporation Act, 1988*, and has been provided a loan of $48.0 million (2016– $45.9 million) for the purpose of providing debt to finance part of the constrction of the Ottawa Convention Centre. This is a 25-year loan, bears interest at 4.67 per cent and matures in September 2036. Pursuant to a directive signed by the Minister of Finnace on November 2, 2012, the Province provided OCC with a repayment deferral of principal and interest up to five years. Interest continues to accrue over the five year deferral period. The outstanding amount includes capitalized interest of $8 million.

The Royal Ontario Museum (ROM) is a Crown agency of the Province under a Special Act of the Ontario Legislature and has borrowed $26.0 million (2016 – $30.1 million) bearing floating rate interest, currently set at 2.27 per cent. All outstanding loans are scheduled to be repaid by March 2027.

School boards have been provided loans under various programs beginning in 2006. During the year ended March 31, 2017, school boards were provided with additional loans and made semi-annual blended payments of principal and interest, leaving the total outstanding amount at $5,473.0 million (2016 – $5,611.9 million). These loans bear interest ranging from 2.43 to 5.38 per cent and mature from 2019 to 2042. The School Board loan program has been gradually replaced by a Ministry of Education capital grant facility model. Since April 1, 2017, this new funding model fully replaced the need for capital loans from the OFA. School Boards will however, continue to make interest and principal payments until all outstanding balances are paid off.

The University Of Ontario Institute Of Technology (UOIT) is a corporation established under the *University of Ontario Institute of Technology Act, 2002*. The Province has provided a five-year term loan of $5.5 million (2016 – $10.6 million) bearing an interest rate at 2.77 per cent and maturing in October 2017.

6. INVESTMENT AND DEBT MANAGEMENT FOR RELATED PARTY AGENCIES

a. The OFA provides investment management services to the following related party agencies. Fees are aimed at recovering OFA costs and are charged on the basis of either the market or par value of the assets under management based on a range of up to 0.20 per cent.

Deposit Insurance Corporation of Ontario	Ontario Immigrant Investor Corporation
Northern Ontario Heritage Fund	Ontario Infrastructure and Lands Corporation
Ontario Capital Growth Corporation	Ontario Trillium Foundation
Pension Benefits Guarantee Fund	

Investments managed on behalf of these entities totalled $1,904 million at March 31, 2017 (2016 – $2,733 million).

b. The OFA provides debt management services to the following related party agencies on a cost recovery basis:

Ontario Electricity Financial Corporation (OEFC)
The OFA provides financial services and advice on a cost recovery basis to OEFC and manages its debt portfolio of approximately $20.4 billion (2016 – $24.3 billion).

Ontario Infrastructure and Lands Corporation (OILC)
The OFA provides borrowing and other financial services and advice on a cost recovery basis to OILC and manages its debt of approximately $3.7 billion at March 31, 2017 (2016 – $4.4 billion) including loans from the Province, a provincial agency and third parties.

c. The total costs recovered and receivables outstanding for related party agencies at March 31, 2017 are set out below:

(in thousands of dollars)

	March 31, 2017	***March 31, 2016***
Costs Recovered:		
OEFC	$3,765	*$ 3,684*
OILC	740	*750*
Investment Management	336	*319*
Total	$4,841	*$ 4,753*
Receivables:		
OEFC	$1,070	*$ 1,041*
OILC	187	*187*
Investment Management	180	*132*
Interest Rate Spread (Note 5)	2,118	*1,728*
Total	$3,555	*$ 3,088*

7. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The main risks that the OFA's financial instruments are exposed to are credit risk, liquidity risk and market risk. These risks are limited to the financial instruments reflected on the statement of financial position and do not extend to the financing provided to various public bodies, disclosed in note 5 to the financial statements.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation or commitment into which it has entered. This risk is minimal as most of the receivables are from the Province of Ontario.

The risk of not collecting the receivables related to OEFC, OILC and others is also considered to be minimal.

Liquidity risk

Liquidity risk is the risk that the OFA will not be able to meet its cash flow obligations as they fall due. The OFA's exposure to liquidity risk is minimal as all operating and capital expenses are cost recovered primarily from the Province of Ontario.

Market risk

The market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the OFA. The OFA is not exposed to market risk.

8. FUTURE EMPLOYEE BENEFITS

(a) Pension Benefits

The OFA provides pension benefits to its full-time employees through participation in the Public Service Pension Plan (PSPP), which is a multi-employer defined benefit pension plan established by the Province of Ontario. The Ministry of Government and Consumer Services (MGCS) is responsible for funding the employer's contribution to the Pension Fund and accordingly, the OFA has no additional liability for these future costs. In addition, the cost of post-retirement, non-pension benefits is paid by MGCS and is not reported in these financial statements.

(b) Accrued Employee Benefits Obligation

The legislated severance entitlement upon retirement for the Association of Management, Administrative and Professional Crown Employees of Ontario (AMAPCEO), excluded employees, management-excluded employees and other Management employees who retire after January 1, 2016, will be paid based on the salary in effect on December 31, 2015.The legislated severance entitlement upon retirement for the Ontario Public Service Employee Union (OPSEU), excluded employees who retire after January 1, 2016, will be paid based on salary in effect on December 31, 2016.

For all other employees subject to terms set out in collective agreements who have completed five years of service, the OFA provides termination pay equal to one week's salary for each year of service up to a maximum of 50 percent of their annual salary.

The costs of these legislated severance entitlements earned by AMAPCEO and OPSEU, excluded employees, management excluded employees, management employees as at March 31, 2017 amounted to $3,918,000 (2016 – $4,076,000). In addition, the unused vacation entitlements earned by all employees as at March 31, 2017 amounted to $757,000 (2016 – $624,000). On an ongoing basis, MGCS is responsible for funding the legislated severance entitlements, as well as unused vacation entitlements and accordingly no additional expense or liability is reported in these financial statements.

9. COMMITMENTS AND CONTINGENCIES

Lease Commitment:

The OFA rents its premises under an operating lease which expires on June 30, 2017. The lease agreement has been extended for another 5 years and the minimum base rental payments for the lease are as follows:

(in thousands of dollars)

	March 31, 2017
2018	876
2019	893
2020	952
2021	972
2022	972
Total	**$4,665**

OFA is committed to pay its proportionate share of realty taxes and operating expenses for the premises for the year ended March 31, 2017, which amounted to $999,900 (2016– $1,133,000).

Committed Credit Facilities:

At the direction of the Province, the OFA has committed to finance a number of public bodies for which funds have not yet been advanced. The details are as follows:

The Deposit Insurance Corporation of Ontario (DICO) was provided a maximum $400 million revolving credit facility to ensure DICO's capacity to address systematic difficulties in the credit union system or the failure of large institutions that require resources above those in the Deposit Insurance Reserve Fund (DIRF) which is currently valued at approximately $232.7 million. All principal and interest is required to be repaid by December 31, 2029. As of March 31, 2017, DICO had not utilized this credit facility.

The Ontario Infrastructure and Lands Corporation (OILC) is a Crown agency of the Province under the *Ontario Infrastructure and Lands Corporation Act, 2011* and has been provided a Revolving Credit Facility to a maximum amount of $200 million maturing in June 2019. As of March 31, 2017 OILC had not drawn any funds from this facility.

Contingencies:

At March 31, 2017, there were no claims under which the OFA would be financially liable. The Province continues to guarantee the term deposits issued by the Province of Ontario Savings Office prior to 2003.

Office of the Auditor General of Ontario
Bureau du vérificateur général de l'Ontario

June 8, 2017

Ms. Angela Holtham
Chair of the Audit and Risk Management Committee
Ontario Financing Authority
Suite 1400
One Dundas Street West
Toronto, Ontario
M7A 1Y7

Dear Ms. Holtham:

Attached is our draft audit findings report on the audit of the Ontario Financing Authority's financial statements for the year ended March 31, 2017. The report contains information that, under Canadian Generally Accepted Auditing Standards, we are required to communicate to the Audit and Risk Management Committee annually, as well as the findings from our 2017 audit.

We look forward to meeting with you and the other members of the Committee on June 16, 2017 to discuss our draft report and any other matters that you may consider appropriate. Our final report will reflect any changes agreed upon at the meeting and in discussions with management.

Sincerely,

Teresa Carello
Director

Encl.

c.: Mr. Gadi Mayman, CEO, OFA
Mr. Ken Kandeepan, CFRO, OFA

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Ontario Financing Authority

Audit Findings Report to the Audit and Risk Management Committee

For the Year Ended March 31, 2017

Auditing and professional standards require that the auditor communicate to the Audit and Risk Management Committee ("those charged with oversight") certain information regarding the scope and results of the audit that may assist those charged with oversight in fulfilling its responsibilities to:

- review the financial statements for the year ended March 31, 2017; and
- recommend that the Board of Directors approve the financial statements.

However, as this report is a by-product of the audit it does not necessarily identify all matters that may be of interest to those charged with oversight in fulfilling its responsibilities. The required communications are summarized below by area.

Area	Comments
Auditors' Responsibilities Under Canadian Generally Accepted Auditing Standards (GAAS) Our audit was designed in accordance with Canadian GAAS to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement.	We completed our audit of the Ontario Financing Authority's March 31, 2017 financial statements in accordance with Canadian GAAS, as outlined in our Audit Planning Report to those charged with oversight dated April 11, 2017 with the exception of the following items: • Receipt of a signed representation letter by management on June 16, 2017, the expected date of the Board of Director's approval of the financial statements; • Receipt of a letter from your external and internal legal counsel regarding any litigation or claims; • Obtaining evidence of the Board of Director's approval of the financial statements. Upon approval of the audited financial statements by the Board of Directors, we will be issuing an unqualified audit opinion on the financial statements. We expect that our audit opinion on the financial statements will be dated June 16, 2017, the expected date of approval of the financial statements by the Board of Directors.
Auditors' Independence Auditors are required to report annually on their independence to those charged with oversight.	We are objective and are not aware of any relationship with the Ontario Financing Authority that would impair our independence for the purpose of expressing an opinion on the financial statements. Our independence and compliance with ethical standards was discussed in detail in our Audit Planning Report to the Audit and Risk Management Committee dated April 11, 2017.

Area	Comments
Significant Accounting Policies	
Management is responsible for selecting the appropriate financial reporting and selecting accounting policies in accordance with this framework. Significant accounting policies, as well as changes to those policies or to their application, and any new accounting and reporting standards introduced during the year, must be disclosed.	The significant accounting policies used by the Ontario Financing Authority have been applied in accordance with the Canadian public sector accounting standards and have been adequately disclosed in the notes to the financial statements. There were no changes in the policies or their application, and no new reporting standards were introduced this year.
Management Judgments and Accounting Estimates	
Preparing financial statements usually requires the use of accounting estimates. Certain estimates are particularly sensitive because of their significance to the financial statements and the possibility that future events may differ significantly from management's expectations.	Areas where estimates were used include: • Accruals for Trader's and Senior Staff Performance Bonus; • Amortization rates of capital assets which are based on the assets estimated useful life; and • Estimated liability for legislated severance and unused vacation accruals. We concluded on the basis of the best information available at the time that the estimates used by management were reasonable and were disclosed adequately in the notes to the financial statements.
Results of Work Performed and Key Findings	
Our audit approach to significant financial statement areas was communicated in our Audit Planning Report dated April 11, 2017. Significant financial statement areas were identified as: • Management override of controls	In each of the significant financial statement areas, the results of testing were satisfactory and the work performed was based on the procedures identified in our Audit Planning Report dated April 11, 2017.
Other Information in Documents Containing Audited Financial Statements	
Management is responsible for providing us with the annual report or any other publication that will contain the audited financial statements, with sufficient lead time for us to review it prior to printing.	We will review any such documents provided to us to ensure that the audited financial statements have been accurately reproduced and that other financial information in the document is consistent with the audited statements. We will report any unresolved matters resulting from our review to those charged with oversight. A significant portion of the Authority's Annual report deals with the activities it performs on behalf of the Province related to debt management and investment activities. We will have our Public Account's team review the annual report for any inconsistencies with the Provincial Operational Financial Statements.

Area	Comments
	As detailed in our Audit Planning Report dated April 11, 2017, the Ontario Financing Authority is required to submit an annual report to the Ministry of Finance within 90 days of the fiscal year-end. Ontario Financing Authority is also responsible for posting the annual report on a provincial agency or government website within 30 days of tabling in the legislature. We noted that the annual report for the year ended March 31, 2016 was submitted to the Ministry of Finance before the deadline. As well, we noted that the annual report was published online within the allotted timeframe.
Dealing with Management We must report matters such as our inability to obtain essential information, significant delays in receiving information, or receiving unreliable information.	We received the full co-operation of management and employees and to our knowledge had complete access to the accounting records and other documents that we needed in order to carry out our audit. We had no disagreements with management, and we resolved all auditing, accounting, and presentation issues to our satisfaction.
Significant Matters Discussed with Management We must report matters such as management's consultations with other accountants on accounting principles and other financial reporting matters, business strategies that may affect the risk of material misstatement and any disagreements with management on accounting and financial reporting matters.	Management advised us they did not consult other accountants regarding accounting or financial reporting matters. We did not note any business strategies or circumstances that would increase the risk of material misstatement and had no disagreements with management on accounting and financial reporting matters.
Financial Reporting Errors Errors, both intentional and unintentional, include calculation/input mistakes, improper application of accounting principles, and inadequate disclosure. Material accounting and disclosure errors are those that are likely to change or influence the decisions of persons relying on the financial statements and must therefore be corrected. We are required to report all financial reporting errors, other than those that are clearly trivial. For the purposes of our audit, trivial errors are defined as errors that are inconsequential, both individually and in the aggregate.	Preliminary planning materiality as communicated in the Audit Planning Report dated April 11, 2017 was set at $450,000. Final materiality decreased to $409,000. Based on materiality of $409,000, we have set a threshold of $327,000 that we used in determining whether misstatements that were accumulated during the audit require adjustment. We did not note any non-trivial financial reporting errors or deficiencies in financial statement disclosures. Trivial financial reporting errors, which are those that were less than $20,450, were not reported.

Area	Comments
Significant Deficiencies in Internal Control	
Management is responsible for establishing a system of internal controls that enables the preparation of financial statements that are free from material misstatement, whether due to fraud or error.	The purpose of our audit is to express an opinion on the financial statements, not the systems of internal control. However, during the course of our audit, we may note significant control deficiencies relevant to the financial statements in order to design appropriate audit procedures to address the risks identified.
A significant deficiency is a control deficiency, or a combination of control deficiencies, that can lead to a material misstatement of the financial statements or loss of assets that would not be prevented, or detected and corrected, on a timely basis.	We did not observe any significant deficiencies in internal controls that we believe should be brought to the attention of the Audit and Risk Management Committee.
Compliance with Provincial Requirements Regarding Expense Claims	
The external auditors of Ontario's agencies, boards, and commissions are expected to examine internal controls designed to ensure compliance with provincial policies and legislation regarding expense claims by employees and contract staff. This work can also be carried out by or in conjunction with Ontario Internal Audit.	We reviewed the controls established by management and the Board of Directors to ensure compliance with provincial policies and legislation regarding expense claims by employees and contract staff, and examined a sample of claims to check that the controls were operating effectively during 2017. We did not find any weaknesses in the compliance controls and did not find any serious instances of non-compliance in the sample we tested. We noted that the Integrity Commissioner informed the Ontario Financing Authority in November 2016 that when the Commissioner finds that an entity is compliant, its expenses are no longer reviewed and the entity is "graduated" and removed from the list of entities under review. As a result, there is no longer a requirement that Ontario Financing Authority submit its expenses to the Integrity Commissioner. We note that the Ontario Financing Authority continues to disclose in its public website the travel expenses of the CEO, his direct reports and the top 5 employee travel expenses for the year.
Fraud and Illegal Acts	
In planning our audit, we ask those charged with oversight and management to confirm their respective responsibilities regarding the prevention and detection of fraud or illegal acts, and whether they had any knowledge of fraud, suspected fraud, or illegal acts and if so, what action was taken. Also, in the course of our audit we may find evidence that suggests that a material misstatement may have been the result of a fraud or illegal act.	Both the Audit and Risk Management Committee and management advised us that they were not aware of any fraud, suspected fraud, or illegal acts. In the course of our audit we did not find any evidence indicating material misstatements resulting from fraud or illegal acts.

Area	Comments
Written Representations Management is required to provide us with a written statement that management has fulfilled its responsibility for the preparation of the financial statements. Management must also represent that it has provided us with full access and all relevant information and has recorded and reflected all transactions in the financial statements.	We anticipate that management will provide us with a signed representation letter dated June 16, 2017. These representations will appear in substantially the same form as those listed in Appendix A.
Related-party Transactions Parties are related if one party has the ability to exercise, directly or indirectly, control, joint control, or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Common examples of related parties are: management, directors, their immediate families, and public-sector entities controlled by the provincial government.	Our review of related-party transactions found that these transactions were properly identified and measured. Disclosures, if required, were appropriate.
Other Matters	Subsequent to the completion of our fieldwork, management informed us that the IESO has requested an additional credit facility for the amount of $2 billion. This new facility is subject to approval. IESO's current credit facility of $975M, will, once the new facility is approved, be reduced to $475 million. The current credit facility is already disclosed in Note 5 of the Ontario Financial Authority's financial statements. Should the new facility be approved, we will consider whether any additional note disclosure is warranted. We are not aware of any other matters, other than noted above, that would require the attention of the Audit and Risk Management Committee when it recommends the financial statements for approval by the Board of Directors.
Other Matters— **Post Audit Feedback Questionnaire**	We look forward to receiving a response from the Audit and Risk Management Committee and management to the Post-Audit Feedback Questionnaire at Appendix B after the audited financial statements are approved. Responses may be completed jointly by the Committee and management, or completed and submitted separately.

Appendix A - **Management Representation Letter**

AUDITEE LETTERHEAD

June 16, 2017

Ms. Bonnie Lysyk, MBA, CPA, CA, LPA
Auditor General
Office of the Auditor General of Ontario
20 Dundas Street West, Suite 1530
Toronto, Ontario
M5G 2C2

Dear Ms. Lysyk:

We are providing this representation letter in connection with your audit of the financial statements of Ontario Financing Authority (the "OFA") for the year ended March 31, 2017, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the statements of financial position, results of operations, net financial assets and cash flow in accordance with Canadian public sector accounting standards. We are providing representation until June 16, 2017, which is the date the financial statements were approved by our Board of Directors and the date of your audit opinion.

We acknowledge that we are responsible for the fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal control to prevent and detect fraud and error. We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal control, and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it be expected to disclose, fraud, shortages, errors, and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of June 16, 2017, the following representations made to you during your audit.

Financial Statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the OFA as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Completeness of Information

2. Proper books of account have been kept, and the financial statements at the statement of financial position date are in agreement with them.

3. We have provided you with:

    - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;

    - Additional information that you have requested from us for the purpose of the audit, including minutes of meetings of directors of committees of directors held throughout the period and up to the date of your auditor's report

    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

4. All accounts and transactions have been appropriately described and properly recorded or disclosed in the financial statements and in the accounting records underlying the financial statements.

Fraud and Error

5. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and have determined such risk to be low.

6. We have no knowledge of fraud or suspected fraud that affects the entity and involves:

    - Management;

    - Employees who have significant roles in internal control; or

    - Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the OFA's financial statements communicated by employees, former employees, regulators, or others.

8. All actions taken by the OFA have been within its corporate powers. We are unaware of any violations or suspected or possible violations of laws or regulations, the effects of which should be considered for disclosure in the financial statements or as the basis for recording a contingent loss.

9. We have no knowledge of any illegal acts committed by OFA's directors, officers, or employees acting on the OFA's behalf, the consequences of which could result in a significant misstatement of the financial statements.

10. We are not aware of any unadjusted financial-statement misstatements, both individually and in the aggregate, that would have a material impact on the financial statements.

Recognition, Measurement, and Disclosure

11. The OFA has satisfactory title to all owned assets, and such assets have been fairly stated and recorded in the accounts. Where the value of any asset has been impaired, an appropriate provision

has been made in the account. There are no liens or encumbrances on such assets, nor has any asset been pledged.

12. We have identified to you, and appropriately measured and disclosed in the financial statements, all known related parties and related-party transactions, including guarantees, non-monetary transactions, and transactions for no consideration, in accordance with the requirements of Canadian public sector accounting standards.

13. There are no off-balance-sheet financial instruments except for the financing to various public bodies on direction from the Province of Ontario (the "Province"). These loans are included in the Province's consolidated financial statements and are not reflected in these financial statements.

14. All information regarding terms and conditions, interest-rate risk, credit risk, and fair value of financial instruments has been properly disclosed.

15. We have included budgetary data in our financial statements, which is relevant to the users of financial statements and consistent with that originally planned and approved by the Treasury Board Secretariat. Planned results and amounts were presented for the same scope of activities and on a basis consistent with that used for actual results.

16. We have disclosed to you and properly identified in the accounting records all the OFA's bank accounts, as well as any funds held on behalf of the OFA by other parties.

17. The receivables shown in the statement of financial position represent bona fide claims against debtors for charges arising on or before the statement date. These receivables do not include any amounts that are collectible after one year

18. The estimated useful lives of tangible capital assets as disclosed in the financial statements, are a reasonable basis for amortization.

19. We have disclosed to you all significant estimates and fair value measurements. We believe that:
    a. the measurement methods used are in accordance with Canadian public sector accounting standards and are appropriate in the circumstances and consistently applied;
    b. the underlying assumptions reflect management's best estimates, are reasonable and consistently applied; and
    c. significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with *PS 2130, Measurement Uncertainty* have been appropriately disclosed.

20. We have disclosed to you, and the OFA has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.

21. All arrangements, whether formal or informal, explicit or implied, to provide retirement income and other post-retirement benefits to employees after they cease employment have been disclosed to you.

22. Employee future benefit obligations, costs and assets have been determined, accounted for and disclosed in accordance with the requirements of *or PS 3250, Retirement Benefits* and *PS 3255, Post-employment Benefits, Compensated Absences and Termination Benefits.*

23. All direct or contingent liabilities, contractual obligations, and substantial commitments, whether written or oral, other than those incurred in the ordinary course of business, that would materially affect the financial statements have been appropriately disclosed in the financial statements.

24. There are no outstanting legal actions or possible legal claims that existed at the statement date and up to the date of your auditor';s report, whether or not they have been discussed with legal counsel, that would require disclosure in the financial statemetns.

25. The financial statements do not report any known or contingent liabilities arising from environmental matters because there are none to report.

26. No events have occurred subsequent to the statement date and up to the date of your auditor's report that Canadian public sector accounting standards would require adjustment to or disclosure in the financial statements.

27. No significant matters, other than those disclosed in the financial statements, have arisen that would require a restatement of the comparative figures presented in the financial statements.

Sincerely,

Gadi Mayman, CEO, Ontario Financing Authority

Ken Kandeepan, CFRO, Ontario Financing Authority

Appendix B— Post-Audit Feedback Questionnaire

Your feedback is an important way in which we assess the value of and determine satisfaction with our work. Please help us improve our work by taking a few moments to complete this short survey after the approval of the audited financial statements.

Agency Ontario Financing Authority

Audit Period March 31, 2017

Instructions: Responses should reflect the **views of the Audit and Risk Management Committee and management**. Please indicate your **level of agreement** with the statements below. If you select **strongly** or **generally disagree** for any item, please provide us with details in Part IV (Additional Feedback) to assist us in improving our work.
Once completed, please forward the survey to the address indicated at the bottom of the survey.

	Strongly Disagree	Generally Disagree	No Opinion/ Don't Know	Generally Agree	Strongly Agree	Not Applicable
PART I – AUDIT TEAM						
1. The audit team was professional throughout the audit.						
2. The auditors demonstrated an understanding of your business.						
3. The auditors were able to communicate well.						
4. The audit team was objective.						
5. Overall, you were satisfied with the audit team.						
PART II – AUDIT PROCESS						
6. The purpose and scope of the audit was clearly communicated.						
7. The timetable in the audit planning report met your agency's needs (e.g., tabling deadline).						
8. The auditors focused their attention on the most important risk areas.						
9. There was sufficient communication between the agency and the audit team.						
10. Overall, the audit provided "added value".						
11. Overall, you were satisfied with the audit.						
PART III – AUDIT FINDINGS REPORT						
12. The audit team was willing to listen to your feedback regarding the audit.						
13. The report was **understandable**.						
14. The report was **accurate**.						
15. The report was **clear and concise**.						
16. The report was **relevant**.						

	Strongly Disagree	Generally Disagree	No Opinion/ Don't Know	Generally Agree	Strongly Agree	Not Applicable
17. The report was **timely**.						
18. The recommendations in the report were **fair**.						
19. The recommendations in the report were **feasible**.						
20. The recommendations in the report were **useful**.						
21. The implementation of these recommendations will result in improved management of public resources and accountability.						

PART IV – ADDITIONAL FEEDBACK

22. What did you like about the audit?

23. Are there any things we **need to improve**?

24. Are there any other issues you would like us to assess **within your agency** or **elsewhere in government** to help promote well-managed government?

25. Please share any other **comments** you may have:

Completed by:	**Date:**

Thank you for taking the time to complete our survey!

Please forward your completed survey to:
Rebecca Yosipovich, CPA, CA
Professional Practices Manager
Office of the Auditor General of Ontario
20 Dundas Street West, Suite 1530
Toronto, ON M5G 2C2
rebecca.yosipovich@auditor.on.ca

CONFIRMATION BY MANAGEMENT REGARDING THE OFA UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

To the best of my knowledge, I am not aware of:

1) any internal control risks, failures or other issues and/or measures that OFA Management is aware of, that would impact the fair presentation of the financial statements;

2) any information on potential liabilities or commitments, contingencies or impairment of assets not already disclosed, that would impact the fair presentation of the financial statements;

3) any fraud or suspected fraud or illegal acts that would impact the fair presentation of the financial statements;

4) any other items and/or issues that may impact the financial statements and should be reported to the Audit Committee.

Date: June 8, 2017

Ken Kandeepan
Chief Financial and Risk Officer
Ontario Financing Authority

OFA ARMC MEETING
RESOLUTION: June 16, 2017

Minutes of ARMC Meeting held on April 21, 2017

Resolved that:

The minutes of the OFA Audit and Risk Management Committee meeting held on April 21, 2017 in the form presented to this meeting, are approved.

ONTARIO FINANCING AUTHORITY
AUDIT AND RISK MANAGEMENT COMMITTEE MEETING
APRIL 21, 2017 @ 9:00 A.M. – 11:30 A.M.
14TH FLOOR, ONE DUNDAS STREET WEST, TORONTO

MINUTES

ARMC MEMBERS PRESENT
Angela Holtham, Chair
John Beck
Lorraine Bell
Marie MacDougall
Diane McArthur
Catherine McCall (by telephone)

ARMC MEMBERS ABSENT
Constance Sugiyama

OFA ARMC SECRETARY
Sarah Neville - OFA Legal Director

INVITEES PRESENT

BOARD MEMBERS
Heather-Anne Irwin
Paul Potvin

OFA STAFF
Ken Kandeepan - Chief Financial and Risk Officer
Mike Manning - Executive Director, Capital Markets Division
Siva Nathan - Manager, Accounting & Financial Reporting – Agencies, Finance and Treasury Division
Andrew Prahalad - Senior Manager, Strategic Corporate Services Division
Caroline Swerdlyk - Legal Counsel, Legal Branch

ONTARIO INTERNAL AUDIT DIVISION (OIAD)
Gordon Nowlan - Director
Curtis Kimball - IT Audit Manager
David Bullingham - Senior Internal Auditor

OFFICE OF THE AUDITOR GENERAL (OAG)
Bonnie Lysyk - Auditor General
Teresa Carello - Director
Jeremy Blair - Manager

Documents referred to by Tab number in these minutes were provided to Committee members in advance of this meeting, unless otherwise noted

1. Call to Order

Notice of the meeting having been duly provided to all Audit and Risk Management Committee ("Committee") members and a quorum being present, Angela Holtham, Chair of the Committee ("Chair"), called the meeting to order.

2. Review of Agenda and Confirmation of Receipt of Meeting Material

The Committee reviewed the agenda for the meeting. The Auditor General's Audit Planning Report was moved ahead in the agenda.

The Chair confirmed that the Committee members had received meeting material for each Tab indicated on the agenda.

3. Declaration of Conflicts

The Chair asked the Committee members if they had any conflicts or possible conflicts which had not been declared. No conflicts or possible conflicts were identified.

4. Educational Initiatives

No educational initiatives were identified.

5. Approval of Minutes of Meeting held on February 10, 2017 [Tab 5]

The Chair referred the Committee to the minutes of the Audit and Risk Management Committee meeting held on February 10, 2017 [Tab 5].

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The minutes of the OFA Audit and Risk Management Committee meeting held on February 10, 2017 in the form presented to this meeting, are approved.

[Heather-Anne Irwin joined the meeting.]

6. Approval of Minutes of Joint ARMC and ONFA IC Meeting held on February 24, 2017 [Tab 6]

The Chair referred the Committee to the minutes of the joint Audit and Risk Management Committee and ONFA Investment Committee meeting held on February 24, 2017 [Tab 6]. The Chair noted that a quorum was present for the joint meeting, but the Audit and Risk Management Committee did not have a quorum at this meeting, and the Chair would note this for the Board.

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The minutes of the joint OFA Audit and Risk Management Committee and ONFA Investment Committee meeting held on February 24, 2017 in the form presented to this meeting, are approved.

7. Recommendation of Financial Statements for the Period Ended December 31, 2016 [Tab 7]

Ken Kandeepan referred the Committee to the Management Summary of Financial Results and presented the OFA financial statements for the period ended December 31, 2016 [Tab 7].

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The OFA financial statements for the period ended December 31, 2016, in the form of the draft presented to this meeting, are recommended to the OFA Board of Directors for approval.

8. Recommendation of 2017-20 Annual Audit and Consulting Plan [Tab 9]

Gordon Nowlan referred the Committee members to the draft Ontario Financing Authority Multi-Year Audit & Consulting Plan 2017/2018, 2018/2019, and 2019/2020 dated April 5, 2017 (the "Plan") [Tab 9]. Gordon Nowlan provided highlights of the Plan and answered questions from Committee members.

[Catherine McCall joined the meeting by telephone.]

The Committee requested that an audit of Interest Rate Swaps be conducted every year, including 2017/18. Gordon Nowlan agreed to review the current allocation of 2017/18 audit days in order to identify a sufficient number of days that could be culled from other audits to accommodate this request.

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The Ontario Financing Authority Multi-Year Audit & Consulting Plan ("Plan") in the form of the Plan dated April 5, 2017 presented to this meeting, subject to

finding sufficient days to allocate to the audit of Interest Rate Swaps every year, including 2017/18, is recommended to the OFA Board of Directors for approval.

Action Item	Responsible	Timing
Confirm changes were made to the Audit & Consulting Plan to accommodate audit of Interest Rate Swaps every year	Ontario Internal Audit Division	June ARMC meeting

9. Presentation of Auditor General's Audit Planning Report [Tab 13]

The Auditor General of Ontario, Bonnie Lysyk, indicated that the OAG would be conducting a value-for-money audit of the OFA after completion of the year-end audit. She indicated that the OAG would be seeking the Committee's views on the scope of the audit at a subsequent Committee meeting.

Teresa Carello referred Committee members to the Ontario Financing Authority Audit Planning Report to the Audit and Risk Management Committee for the Year Ended March 31, 2017 (the "Audit Plan") [Tab 13]. Teresa Carello and Jeremy Blair reviewed the Audit Plan with Committee members.

The Committee members confirmed that they were not aware of any fraud or suspected fraud with respect to the OFA.

The Chair referred Committee members to Appendix B – Matters for Discussion with Audit and Risk Management Committee, and opened the floor for discussion. The Committee discussed responses to the questions in Appendix B. As part of the discussion in response to question 1, Sarah Neville highlighted steps taken by the Board through the ARMC, to oversee that a culture of ethical and honest behavior is promoted and maintained at the OFA. During the discussion in response to question 2, Ken Kandeepan noted the extensive number of audits that the OFA is subject to each year given its mandate. In response to questions 3, 4 and 5 in Appendix B other than question 4(b), the Committee responded "No." The Committee noted the loans to public bodies that the OFA provides in response to question 4(b).

Bonnie Lysyk suggested that, in future, the Committee prepare a written response to the questions in Appendix B.

Bonnie Lysyk suggested that the Board consider obtaining a briefing on the Fair Hydro Plan. The ARMC Chair noted that she would raise this suggestion at the Board meeting during her Chair's report.

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The Committee is in agreement with the Office of the Auditor General of Ontario's Ontario Financing Authority Audit Planning Report to the Audit and Risk Management Committee for the Year Ended March 31, 2017, as presented to this meeting.

[Auditor General and OAG staff left the meeting.]

The ARMC noted that even if a written statement in response to Appendix B is prepared, the questions should still be tabled and discussed at the ARMC each year.

Gordon Nowlan indicated that OIAD can provide support to OFA staff and the Board in the event that a value-for-money audit occurs at the OFA.

Action Item	Responsible	Timing
Raise at the Board the suggestion of a briefing on Fair Hydro Plan	ARMC Chair	April Board meeting

10. Recommendation of Revised ARMC Charter [Tab 10]

This Item was deferred to the next Committee meeting.

11. Recommendation Regarding the Use of Facsimile Signatures for Custodial Transactions [Tab 11]

Caroline Swerdlyk referred the Committee members to the proposed resolution titled Mechanical Reproduction of CEO's Signature and briefing note titled "Use of OFA CEO's Facsimile Signature" dated March 9, 2017 [Tab 11]. Caroline Swerdlyk reviewed the note with the Committee. Ken Kandeepan answered questions from the Committee.

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The following is recommended to the OFA Board of Directors for approval:
>
> Pursuant to Subsection 8.02(f) of By-law No. 1 of the Ontario Financing Authority (OFA), the mechanical reproduction of the signature of the Chief Executive Officer of the OFA, through electronic scanning or otherwise, is hereby authorized to be applied to such categories of banking and financial institution documentation including deposit, settlement and payment instruments as are or

have been specified in writing from time to time by the Chief Executive Officer of the OFA.

Action Item	Responsible	Timing
Provide a presentation on controls surrounding treasury program wire payments	Ken Kandeepan	September ARMC meeting

12. Recommendation of Revised OFA Credit Risk Policy [Tab 8]

Ken Kandeepan referred Committee members to the draft note "Revisions to the OFA Credit Risk Policy" and draft Credit Risk Policy OFA Treasury Program dated April 21, 2017 [Tab 8]. Ken Kandeepan reviewed the proposed changes to the policy and answered questions from the Committee.

[Mike Manning joined the meeting.]

The following changes were discussed and made to the Policy:

- On p. 1, s. 1 (Introduction), the words "deposit of" were inserted before "the Province's cash balances".
- On pages 10 and 11, the verb tense of the new bullet points was changed to align with the other bullet points.
- The Policy was amended to require that, where the CEO approves an exception under the Policy, the CEO reports it to the Committee.

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The OFA Credit Risk Policy in the form of the draft presented to this meeting, as amended at this meeting, is recommended to the OFA Board of Directors for approval.

Action Item	Responsible	Timing
Confirm there is a summary of all differences between ISDAs	Sarah Neville	June Board meeting

13. Review of Quarterly ARMC 2016-2018 Work Plan Status Report and Approval of 2017-2019 ARMC Work Plan [Tab 12]

Angela Holtham referred Committee members to the OFA ARMC Annual Three-Year Work Plan 2017-2019 (the "Work Plan") and Risk Identification chart [Tab 12]. Sarah Neville reviewed highlights of the Work Plan and answered questions from the Committee.

On motion duly made and seconded, the following resolution was unanimously passed:

RESOLVED THAT:

> The OFA ARMC Annual 2017-2019 Three-year Work Plan in the form presented to this meeting, is approved.

14. Note regarding Trading Restrictions and Codes of Conduct of Comparable Agencies [Tab 14]

Sarah Neville referred Committee members to the briefing note "Transition to Employee Code of Conduct" [Tab 14]. Sarah Neville reviewed the note with the Committee and answered questions. Sarah Neville noted that provisions relating to personal financial transactions in a draft employee Code of Conduct would be tabled at the Committee for review, and the remainder of a draft Code would be reviewed by the OFA Human Resources and Governance Committee. The draft employee Code of Conduct was to be developed by Sarah Neville working with Board members Constance Sugiyama, Angela Holtham and Catherine McCall.

Action Item	Responsible	Timing
Table draft employee Code of Conduct	Secretary	September ARMC and HRGC meetings

15. List of Action Items from Previous Minutes [Tab 15]

Angela Holtham referred Committee members to the list of action items from the February 10, 2017 ARMC meeting [Tab 15]. Sarah Neville confirmed that all action items had been dealt with at the meeting or dispositioned to a future meeting.

16. Report from Audit Services Branch [Tab 16]

Gordon Nowlan outlined the value-for-money audit process for the Committee and possible timing.

[Andrew Prahalad joined the meeting.]

Gordon Nowlan referred Committee members to the Reports from the Finance Audit Service Team [Tab 16]. Gordon Nowlan reviewed the results of the key audits/reviews. Gordon Nowlan, Mike Manning, Sarah Neville and Ken Kandeepan answered questions from the Committee. Gordon Nowlan confirmed that outstanding audit recommendations are followed up to resolution and reported to the ARMC every six months.

17. Quarterly PSAB Update

Ken Kandeepan provided an update on recent developments regarding the proposed Public Sector Accounting Board (PSAB) standards relating to financial instruments.

18. Quarterly Report on IT Projects [Tab 18]

Andrew Prahalad referred Committee members to the report "SCSD Project Risks and Delays as of April 2017" [Tab 18]. Andrew Prahalad reviewed highlights of the report with the Committee. Sarah Neville and Andrew Prahalad answered questions from the Committee.

19. Quarterly Program Status, Exposures and Results Report [Tab 19]

Ken Kandeepan referred Committee members to the "OFA Program Status, Exposures and Results as at March 31, 2017" [Tab 19]. Ken Kandeepan provided highlights of the report and answered questions from the Committee.

[Catherine McCall withdrew from the meeting.]

[Ken Kandeepan withdrew from the meeting.]

20. Quarterly Debt and Derivative Portfolio Report [Tab 20]

Mike Manning presented the "Debt and Derivative Portfolio" report dated March 27, 2017 [Tab 20].

21. Quarterly Investment Summary Report [Tab 21]

Mike Manning presented the "Investments Summary – Province, OEFC and Investments Managed for Other Entities" dated as at February 28, 2017" [Tab 21].

22. Quarterly Procurement Report [Tab 22]

Sarah Neville referred Committee members to the OFA Procurement Report dated April 2017 [Tab 22].

23. Quarterly Legal Compliance Report

Sarah Neville confirmed that based on the results of the quarterly legal compliance reports requested from each division of the OFA, she is not aware of any non-compliance by the OFA with applicable laws or regulations.

[Mike Manning and Andrew Prahalad withdrew from the meeting.]

24. Future Agenda Items

No future agenda items were identified.

25. Other Business

There was no other business identified.

[OFA staff withdrew from the meeting.]

Committee commenced in-camera session.

26. In-camera Sessions (consecutively) with the Director, Internal Audit Division, and Chief Financial and Risk Officer

The Committee held consecutive in-camera sessions with the Director, Internal Audit Division, and Chief Financial and Risk Officer.

[Diane McArthur withdrew from the meeting.]

27. In-camera Session for non-OPS Directors

The Committee held an in-camera session for non-OPS Directors.

28. Termination

It is resolved that:

This meeting is terminated.

_____
Chair

_____
Secretary

OFA ARMC MEETING
RESOLUTION: June 16, 2017

Cost Recovery Fee and Proxy Commercial Interest Rate Spreads for OFA 2017-18 Loans

Resolved that:

The following are recommended by OFA staff to the OFA Board of Directors for approval:

1. No change in the cost recovery fee of 2.5 basis points (bps) per annum on new loans to public bodies to cover costs related to upfront loan origination and on-going loan monitoring and administration;

2. An increase in the maximum proxy commercial interest rate spread to 75 bps up from 65 bps in fiscal 2016-17. The following commercial interest rate spreads are to be assigned to different project risk ratings as:

"C" Risk Rating:	Province's cost of funds + cost recovery fee + 75 bps.
"B" Risk Rating:	Province's cost of funds + cost recovery fee + 50 bps.
"A" Risk Rating:	Province's cost of funds + cost recovery fee + 25 bps.

3. For those loans with a credit risk rating higher than a "C" Risk Rating, it is recommended that the OFA charge an additional credit spread premium that is reflective of the loan's risk profile.

4. OFA continue to conduct an annual review of both spreads to ensure that there are no significant long-term under/over recoveries that may require corrective action and the proxy commercial spread is reflective of credit market conditions.

OFA'S ANNUAL BORROWING AND ON-LENDING PLAN
FISCAL YEAR 2017-18

ISSUE

The OFA Lending Policy requires that the Board review the Annual Borrowing and On-Lending Plan and approve the OFA's cost recovery fee and proxy commercial interest rate spreads related to the OFA's on-lending activities to public bodies.

RECOMMENDATION

It is recommended that the OFA Board approve:

1. No change in the cost recovery fee of 2.5 basis points (bps) per annum on new loans to public bodies to cover costs related to upfront loan origination and on-going loan monitoring and administration; and
2. An increase in the maximum proxy commercial interest rate spread to 75 bps up from 65 bps in fiscal 2016-17. The following commercial interest rate spreads are to be assigned to different project risk ratings as:

   "C" Risk Rating: Province's cost of funds + cost recovery fee + 75 bps.
   "B" Risk Rating: Province's cost of funds + cost recovery fee + 50 bps.
   "A" Risk Rating: Province's cost of funds + cost recovery fee + 25 bps.

For those loans with a credit risk rating higher than a "C" Risk Rating, it is recommended that the OFA charge an additional credit spread premium that is reflective of the loan's risk profile.

It is further recommended that the OFA continue to conduct an annual review of both spreads to ensure that there are no significant long-term under/over recoveries that may require corrective action and the proxy commercial spread is reflective of credit market conditions.

COST RECOVERY SPREAD

- The OFA's Lending Policy requires the OFA to recover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.
- The OFA uses a basis points (bps) spread cost recovery methodology. The total costs are divided by the average loan portfolio balance to reach the cost recovery spread in bps.
- The calculation methodology reflects current realities of a mature loan portfolio, and it supports the OFA's recommendation to maintain the cost recovery spread for new loans at 2.5 bps per annum in fiscal 2017-18.
- The Ontario Internal Audit Division (OIAD) reviewed the calculation methodology in March 2017 and concluded that the bps spread calculation methodology proposed by the OFA was reasonable and appropriate.
- The cost recovery fee is charged as a basis points spread on the loan interest rate and recovered over the term of the loan. It is estimated that 2.5 bps is required to recover the costs of administering OFA loans in 2017-18.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18E
Size of Loan Portfolio	$5.5 billion	$6.0 billion	$6.0 billion	$6.0 billion	$6.0 billion	$5.8 billion
Estimated FTEs	11.37	10.80	10.39	8.14	9.44	7.89
Cost Recovery Spread	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps
Total Costs	**$1,665,713**	**$1,623,226**	**$1,443,454**	**$1,151,310**	**1,414,570**	**$1,233,150**
Cost Recovery Revenue	**$1,735,219**	**$1,875,800**	**$1,937,069**	**$1,921,531**	**$1,906,227**	**$1,863,679**
Cumulative Over/(Under) Recoveries	**($2,704,324)**	**($2,451,750)**	**($1,958,134)**	**($1,187,913)**	**(696,256)**	**(65,727)**

- On a cumulative basis, the OFA is still in an under-recovered position, due to a legacy of no recoveries at the inception of the on-lending program. However, it is expected this will shift to an over recovered position in 2018-19 as the cost recovery spread of 5 bps that was charged in earlier years of the program was too high.
- Although the OFA took corrective action early on to reduce the cost recovery spread to 2.5 bps, the annual over-recovery will persist until the loans that were charged 5 bps have been fully paid off.
- The revenues have remained relatively constant since the size of the loan portfolio has remained relatively stable. Over the next few years, the size of the loan portfolio is expected to slowly decrease since the school board loan program has come to an end. New loan issues may be surpassed by principal repayments on existing loans.
- The total costs for 2016-17 increased from a year earlier mainly due to the development of an in-house new loan system, the OFA Loan Management System (OLMS). More FTE equivalents were required to carry out the system development.
- The total costs for 2017-18 are expected to decrease from the previous year due to improved operational efficiency after the launch of the OLMS.

PROXY COMMERCIAL SPREAD

- The OFA Lending Policy requires the OFA to charge a proxy commercial interest rate spread for projects that are deemed commercial in nature, in order to better reflect the underlying risk of such projects. The spread is added to the Province's costs of funds and cost recovery fee and recovered over the term of the loan.
- The proposed 75 bps spread is arrived at based on a methodology used in the past two years, which analyzes various sources of long-term bonds with similar commercial risk profiles and constructs for either "A/A-" or "A/BBB" rated long-term bond indices.
- An average interest rate spread of the three indices over the Province's 20-year cost of funds is calculated and it is further reduced by 10 bps to convert the long-term interest rate spread to a medium-term interest rate spread as the average duration of OFA loans is approximately 10 years.
- With the appropriate interest rate spreads representing risks embedded in the loans, the borrowers should be more motivated to pay back their loans in a timely manner.
- As recommended, the maximum medium term interest rate spread is 75 bps versus 65 bps in F2016-17.
- In fiscal 2016-17, the total OFA retained interest from the proxy commercial spreads was $1,452,707, a 16% increase from a year earlier resulting from a relatively higher average outstanding amount of agency loans throughout the year. The agency loans are subjected to the proxy commercial spread charge as opposed to the school board loans for which only an administration fee is charged over the province's cost of borrowing.

Fiscal Year	Composite Medium-term Spread Over Province's Cost of Funds	Recommended Maximum Spread	OFA Retained Interest
2017-18	75 bps (recommended)	75 bps (recommended)	N/A
2016-17	65 bps	65 bps	$1,452,707
2015-16	70 bps	70 bps	$1,249,255
2014-15	45 bps	45 bps	$1,303,898
2013-14	54 bps	55 bps	$1,288,346
2012-13	55 bps	55 bps	$1,132,813
2011-12	52 bps	50 bps	$832,391
2010-11	50 bps	50 bps	$540,818

- Loans are deemed to be commercial in nature when generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources. The OFA evaluates the project risk of these loans in order to establish a proxy commercial rate of interest. Two risk measures are used to evaluate the risk:

  1. The percentage of total project revenue attributable to government sources; and
  2. The average Debt Service Coverage Ratio (DSCR) of the project, where DSCR is defined as the number of times the average annual free cash flow generated over the term of the loan would cover the principal and interest payments of the associated debt.

- For a given "commercial" loan, each of these two risk measures are evaluated and assigned an overall project risk ranking as follows:

PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES

AVERAGE DSCR	LESS THAN 30%	GREATER THAN 30%
LESS THAN 1.35X	"C" Rating	"B" Rating
GREATER THAN 1.35X	"B" Rating	"A" Rating

Where: "C" Risk Rating = Province's cost of funds + cost recovery fee + 75 bps.
"B" Risk Rating = Province's cost of funds + cost recovery fee + 50 bps.
"A" Risk Rating = Province's cost of funds + cost recovery fee + 25 bps.

BORROWING AND ON-LENDING REQUIREMENTS

Net Loan Requirements ($millions)

Borrowers	2016-17 (Actual)			2017-18 (Plan)		
	Loans	Repayments	Net Loans	Loans	Repayments	Net Loans
School Boards (1)	67.1	206.0	(138.9)	-	218.6	(218.6)
Colleges (2)	158.3	59.1	99.2	239.5	40.0	199.5
Ontario Lottery and Gaming Corporation	24.2	24.5	(0.3)	41.5	5.1	36.4
City of Windsor	-	1.7	(1.7)	-	1.9	(1.9)
Independent Electricity System Operator	230.0	149.0	81.0	-	81.0	(81.0)
Niagara Parks Commission	-	0.3	(0.3)	-	0.3	(0.3)
Ontario Infrastructure and Lands Corporation	-	-	-	-	-	-
Ontario Northland Transportation Commission	-	0.4	(0.4)	-	0.4	(0.4)
Ontario Science Centre	-	0.5	(0.5)	-	0.0	-
Royal Ontario Museum	-	4.1	(4.1)	-	0.0	-
University of Ontario Institute of Technology	-	5.1	(5.1)	-	5.5	(5.5)
Universityies (2)				200.0	0.0	200.0
Contingency		0.0	-	5.0	0.0	5.0
TOTAL (3)	**479.6**	**450.7**	**28.9**	**486.0**	**352.8**	**133.2**

(1) The Ministry of Education has advised that since School Boards have transitioned to a capital grant funding model in fiscal 2017-18, there will be no more loan requirement from the OFA.
(2) A $300 million loan program for the Greenhouse Gas Reduction has been initiated by MAESD, of which $100 million will be available to colleges and $200 million, to universities in fiscal 2017-18.
(3) Amounts may not add up due to rounding.

Prepared by: Michael Smith (2-1063)/Bonnie Zhang (5-1369)
Corporate Finance Branch, CEFD

Input by: Siva Nathan (5-8039)
Finance & Treasury

May 10, 2017

APPENDIX I: NOTES TO FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

5. TRANSACTIONS WITH PUBLIC BODIES

The OFA provides financing to various public bodies on direction from the Province. As the OFA is directed by the Province to make these loans in furtherance of stated Provincial initiatives, and these loans are included in the Province's consolidated financial statements, these transactions are not reflected in these financial statements.

Funds for these loans are advanced to the OFA by the Province under credit facilities aggregating $16.9 billion expiring from 2036 to 2044. Principal repayments received from public bodies by the OFA are forwarded to the Province. The interest rates charged to public bodies will generally be slightly higher than the rate charged on the advances from the Province to fund the loans ("the spread").

The OFA will generally retain a portion of the spread in order to recover the administrative costs of managing these loans. The spread retained by the OFA includes a cost recovery component and, where applicable, a proxy commercial interest rate spread. The inclusion of the proxy commercial spread results in an interest rate equivalent to what would be charged on the loan by a commercial lender and reflects the relative risk associated with the loan. During the year ended March 31, 2017, $3.5 million in interest rate spread revenue was recognized (2016 – $3.4 million) of which $2.1 million in receivable at year end (2016 – $1.7 million).

As at March 31, 2017, the principal amounts receivable by the OFA on behalf of the Province represent debentures and short term loans. In addition to the outstanding loans below, interest accrued on these loans amounted to $93.9 million (March 2016 – $93.6 million), of which $92.7 million (2016 – $92.6 million) will be flowed to the Province.

These are related party transactions, with the exception of those with the Corporation of the City of Windsor and the University Of Ontario Institute Of Technology.

(in thousands of dollars)

	March 31, 2017	March 31, 2016
Centennial Centre of Science and Technology	$0	$ 500
Colleges of Applied Art and Technologies	320,653	221,450
Corporation of the City of Windsor	8,171	9,916
Independent Electricity System Operator	81,209	-
Niagara Parks Commission	4,553	4,876
Ontario Lottery and Gaming Corporation	33,769	34,085
Ontario Northland Transportation Commission	2,564	2,950
Royal Ontario Museum	26,000	30,145
School Boards	5,473,075	5,611,958
Shaw Centre (formerly Ottawa Convention Centre Corporation)	48,016	45,872
University of Ontario Institute of Technology	5,501	10,611
Total	**$6,003,511**	**$ 5,972,364**

Loans to Public Bodies by the Province:

The Centennial Centre of Science and Technology is a Crown agency of the Province under the *Centennial Centre of Science and Technology Act, 1990*. The loan made to fund the construction of the Agents of Change project matured in March 2017 and has been repaid in full.

Colleges of Applied Art and Technologies have been loaned $320.7 million (March 2016 – $221.5 million) for various campus projects including new and expanded student residences, computer equipment, parking facilities, and an energy saving capital project. These loans bear interest ranging from 1.32 per cent to 5.75 per cent and mature from 2017 to 2042.

The Corporation of the City of Windsor is a municipality within the meaning of the *Municipal Act*. The financing provided is for the acquisition, design and construction of the Windsor Justice Facility consisting of a provincial division courthouse and city police headquarters. This is a 20 year loan bearing interest at 6.41 per cent and maturing in March 2021. The outstanding balance is $8.1 million (March 2016 – $9.9 million).

The Independent Electricity System Operator (IESO) has been provided a maximum $975 million credit facility to primarily fund the Regulated Price Plan variance account. This credit facility has

been extended until November 30, 2019. IESO has drawn $81.2 million from this facility as of March 31, 2017 bearing interest rate at 0.81 per cent and maturing on April 24, 2017.

The Niagara Parks Commission, a Crown agency of the Province, operating under *Niagara Parks Act, 1990*, has been provided a loan of $4.5 million (March 2016 – $4.9 million) to finance additional capital costs incurred for the redevelopment of phase I of Table Rock House in Queen Victoria Park, Niagara Falls. This loan bears interest at 5.07 per cent and matures in April 2027.

The Ontario Lottery and Gaming Corporation (OLG) is a Crown agency of the Province under the *Ontario Lottery and Gaming Corporation Act*, *1999*, and has been provided loans totalling $33.7 million (March 2016 – $34.1 million) to fund several projects, bearing interest at rates ranging from 0.9 to 2.32 per cent and maturing from October 2017 to January 2018.

The Ontario Northland Transportation Commission (ONTC) is a Crown agency of the Province under the *Ontario Northland Transportation Commission Act, 1990*. ONTC's total borrowing of $2.5 million (March 2016 – $2.9 million) matures from 2020 to 2031 and bears interest ranging from 4.90 to 5.22 per cent.

The Royal Ontario Museum (ROM) is a Crown agency of the Province under a Special Act of the Ontario Legislature and has borrowed $26.0 million (March 2016 – $30.1 million) at floating rate, currently at 2.3 per cent. All outstanding loans are scheduled to be repaid by March 2027.

School boards have been provided loans under various programs beginning in 2006. During the year ended March 31, 2017, school boards were provided with additional loans and made semi-annual blended payments of principal and interest, leaving the total outstanding amount at $5,473.0 million (March 2016 – $5,611.9 million). These loans bear interest ranging from 2.43 to 5.38 per cent and mature from 2021 to 2042.

The Shaw Centre (formerly the Ottawa Convention Centre Corporation) is a Crown agency of the Province governed under the Ottawa Convention Centre Corporation Act, 1988, and has been provided a loan of $48.0 million (March 2016 – $45.9 million) for the purpose of providing term debt to finance part of the construction of the Shaw centre. This is a 25-year loan, bears interest at 4.67 per cent and matures in September 2036. Pursuant to a directive signed by the Minister of Finance on November 2, 2012, the Province provided Shaw Centre with a repayment deferral of principal and interest up to five years. Interest continues to accrue over the five year deferral period. The outstanding amount includes capitalized interest of $8 million.

The University Of Ontario Institute of Technology (UOIT) is a corporation established under the University of Ontario Institute of Technology Act, 2002. The Province has provided a five-year term loan of $5.5 million (March 2016 – $10.6 million) bearing an interest rate at 2.77 per cent and maturing in October 2017.

APPENDIX II:

COST RECOVERY SPREAD
OFA LOANS TO CONSOLIDATED PUBLIC BODIES

ISSUE

What cost recovery fee should the OFA charge on loans to public bodies in 2017-18?

RECOMMENDATION

It is recommended that the cost recovery spread remain unchanged at 2.5 bps given the estimated 2.3 bps it will cost the OFA to administer the loan program in 2017-18.

It is further recommended that the OFA continue to conduct an annual review to ensure the cost recovery methodology and interest rate spread is appropriate and that there are no significant long-term under-/over-recoveries that may require OFA management's corrective action.

SUMMARY ANALYSIS

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18E
Size of Loan Portfolio	$5.5 billion	$6.0 billion	$6.0 billion	$6.0 billion	$6.0 billion	$5.8 billion
Estimated FTEs	11.37	10.80	10.39	8.14	9.44	7.89
Cost Recovery Spread	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps
Upfront Costs	$966,086	$984,111	$835,202	$674,662	$885,605	$705,258
Ongoing Costs	$699,628	$639,114	$608,252	$476,648	$500,374	$499,481
Total Costs	**$1,665,713**	**$1,623,226**	**$1,443,454**	**$1,151,310**	**1,414,570**	**$1,233,150**
Cost Recovery Revenue	**$1,735,219**	**$1,875,800**	**$1,937,069**	**$1,921,531**	**$1,906,227**	**$1,863,679**
Cumulative Over/(Under) Recoveries	**($2,704,324)**	**($2,451,750)**	**($1,958,134)**	**($1,187,913)**	**(696,256)**	**(65,727)**

- Although revenues continue to outpace costs, this is partially a revenue timing issue since loan origination costs are incurred upfront and recovered over the life of the loans.
- Loan initiation costs are not recovered upfront because the OFA does not charge an upfront fee, but uses a basis points spread cost recovery methodology. It is expected that these costs will be fully recovered over the life of the loans, assuming the loans remain in good standing and are fully repaid.
- On a cumulative basis, the OFA is still in an under-recovered position. However, it is expected this will begin to turn into an over-recovery in 2018-19 as the cost recovery spread of 5 bps that was charged at the inception of the program was too high.
- Although the OFA took corrective action early on to reduce the cost recovery spread to 2.5 bps, the cumulative over-recovery will persist until the loans that were charged 5 bps have been fully paid off.
- The rate of revenue increase peaked in 2014-15 and is declining gradually as growth in the size of the loan portfolio plateaus. Over the next few years, the size of the loan portfolio is expected to decline slowly as the school board loan program is coming to an end with the

last tranche being drawn in March 2017. It is expected that future new loan issues will be slightly outpaced by principal repayments on existing loans.

- The total estimate costs for fiscal 2017-18 are expected to be lower than those of fiscal 2016-17 because in 2016-17, extra costs were incurred to support the development of a new OFA Loan Management System (OLMS).
- The proportional FTE method is used for fiscal 2016-17 and 2017-18 for estimating overhead costs.

ANALYSIS OF FORECAST VERSUS ACTUAL COST RECOVERIES

	2016-17E Beginning of Year	2016-17 End of year
Size of Loan Portfolio	$6.0 billion	$6.0 billion
Estimated FTEs	10.34	9.44
Cost Recovery Spread	2.5 bps	2.5 bps
Upfront Costs	$965,063	$885,605
Ongoing Costs	$487,448	$500,374
Total Costs	**$1,452,512**	**1,414,570**
Cost Recovery Revenue	**$1,916,997**	**$1,906,227**
Cumulative Over/Under Recoveries	**($723,427)**	**(696,256)**

- The fiscal 2016-17 cost recovery fee estimation at the beginning of the year is revised at the end of the year based on additional information obtained.
- The assumption of $400 million new loan issuance at the beginning of the year is revised to $439 million which includes an unexpected credit line drawing of $ $230 million for the Independent Electricity System Operator (IESO). The additional new loan amount were partially offset by the reduction of the last tranche of school board loan issued in March 2017 from expected $200 million to $67 million.
- The FTE allocation for upfront costs is reduced by 0.84 to reflect the reduced activities of new loan issuance (without considering the IESO line of credit drawing).
- The salary and overhead costs are revised by taking fiscal 2015-16 as the expense base year. The salary costs are adjusted by an across the board salary increase in fiscal 2016-17 of 6.4%.
- A difference of $27,171 in cumulative under recoveries is identified, however it is not a significant amount to warrant a corrective action.

ESTIMATED COSTS

The total administrative costs for the OFA to carry out the loan program to public bodies were calculated as follows:

1. Determine the estimated number of FTEs required by each division/branch to fulfill the OFA's loan initiation or ongoing activities; and
2. Multiply the estimated number of FTEs by the average cost per FTE per division/branch involved in the loan program.

Below is a detailed breakdown of FTE estimates per division for both upfront costs and ongoing loan monitoring costs. For comparison purposes, estimates for fiscal 2016-17 and 2017-18 are shown below.

Fiscal 2016-17:

	Full Time Equivalents		
Divisions	Upfront costs	Ongoing Monitoring	Total
CEO's Office / OFA Legal	0.03	0.11	0.14
Capital Markets	1.15	0.05	1.20
Finance & Reporting/Treasury	0.60	2.00	2.60
Corporate & Electricity Finance	2.00	1.50	3.50
MOF Legal Services	1.50	0.25	1.75
Risk Control	0.00	0.00	0.00
Strategic Corporate Services	0.70	0.50	1.20
TOTAL	**5.98**	**4.41**	**10.39**

Fiscal 2017-18:

	Full Time Equivalents		
Divisions	Upfront costs	Ongoing Monitoring	Total
CEO's Office / OFA Legal	0.11	0.08	0.19
Capital Markets	0.95	0.05	1.00
Finance & Reporting/Treasury	0.26	0.99	1.25
Corporate & Electricity Finance	2.00	1.50	3.50
MOF Legal Services	0.75	0.25	1.00
Risk Control	0.00	0.00	0.00
Strategic Corporate Services	0.55	0.40	0.95
TOTAL	**4.62**	**3.27**	**7.89**

FTE Cost Forecast for Public Bodies Loan Program

Fiscal 2017-18:

COSTS

Division	Salary and benefits cost per FTE	FTE	Salaries	Overhead	Total
CEO's Office	313,637	0.10	31,364	2,909	34,272
OFA Legal	163,477	0.09	14,713	2,618	17,331
Capital Markets	172,356	1.00	172,356	29,085	201,441
Finance & Reporting/ Treasury	114,698	1.25	143,601	36,415	180,016
Corporate & Electricity Finance	112,900	3.50	395,150	101,799	496,949
MOF Legal Services	129,753	1.00	129,753	29,085	158,839
Risk Control	104,991	-	-	-	-
Strategic Corporate Services	122,811	0.95	116,671	27,631	144,302
Total Estimated Costs		7.89	1,003,607.26	229,542.41	1,233,149.67

2017/18 average loan portfolio under management	5,847,510,985
--- Exclude loans issued without cost recovery fee charges	5,258,584,854
Total cost recovery fee	**0.02345%**

The fiscal 2017-18 calculation of cost estimates considers:

1) Loan origination costs and loan monitoring costs were combined to arrive at the total estimate costs of $1.2 million which was divided by the estimated average loans under management which are subject to fee recoveries in 2017-18 to reach the annual cost recovery fee of 0.02345% or 2.3 basis points per annum.

2) The average overhead costs per FTE were estimated by having the total OFA overhead costs in fiscal 2015-16 divided by the total OFA FTEs of 165 and multiplied by an inflation factor of 1.02. Next, the average overhead costs were multiplied by estimated divisional FTEs to arrive at the overhead costs of $229,542.

3) The estimated salary costs were based on 2016-17 estimates and adjusted for an expected increase of 3.9%.

4) The development of the new OLMS system in 2016-17 and its subsequent launch on April 5, 2017 effectively reduces the FTE counts for fiscal 2017-18, especially in the OFA IT group, that is, the Strategic Corporate Services Branch.

ESTIMATED REVENUES

- Assuming the OFA Board approves keeping the cost recovery spread at 2.5 bps based on the calculations above, estimated revenues are expected to be $1.9 million in 2017-18.
- Fiscal 2017-18 revenues are based on average loans under management which are subject to fee recoveries as not all of the $336 million in expected new loans will be issued at the beginning of the year.
- The new loan forecast for fiscal 2017-18 is lower than the previous year as the school board loan program has come to an end in fiscal 2016-17.
- The loan portfolio is expected to decrease slightly to $5.7 billion at end of year 2017-18 and average loans under management are assumed to be $5.8 billion throughout the year.
- The current estimate assumes that all of the $336 million in expected loans in 2017-18 will be advanced. Although this is a prudent assumption, experience has shown that the actual amount of loans advanced in a given year could be slightly more or less than what was forecasted.
- For fiscal 2016-17, the actual revenue recovered was $1,906,227, slightly lower than the estimated cost recovery revenue of $1,916,997.

BACKGROUND

- In 2007, Treasury Board approved the “Financing Public Bodies” initiative where the OFA is mandated to provide long-term financing for consolidated public bodies, including school boards, colleges, and hospitals, as well as corporations, boards, and commissions that borrow as agents of the Crown. The OFA was also directed by Treasury Boards to charge a cost recovery rate for this loan program.
- The OFA Lending Policy requires the OFA to conduct an annual review to ensure that the cost recovery methodology and interest rate spread is appropriate and that there are no significant long-term under-/over-recoveries that may require OFA management’s corrective action.

- In fiscal 2016-17, a simplified cost recovery fee calculation methodology was proposed and approved by the OFA Board of Directors and reviewed by the Internal Audit Division (IAD).
- The same fee calculation methodology is proposed for fiscal 2017-18 as no significant change is expected for OFA to manage new loan issuance and ongoing loan administration in the coming fiscal year.

Michael Smith/Bonnie Zhang, Corporate Finance Branch
Corporate & Electricity Finance Division
March 29, 2017

APPENDIX III:

PROXY COMMERCIAL INTEREST RATE SPREADS ON LOANS TO PUBLIC BODIES

ISSUE

What is the maximum proxy commercial interest rate spread the OFA should charge on loans to public bodies where the underlying activity is commercial in nature?

RECOMMENDATION

It is recommended that maximum proxy commercial interest rate spread for “commercial” loans be increased to 75 basis points (bps) for fiscal year 2017-18 from the previous year spread of 65 bps.

ANALYSIS & RATIONALE

The reasons for the change are as follows:

1. The methodology for calculating proxy commercial interest rate spreads is the same as that used for the prior year through examining and analyzing long-term bonds with risk profiles similar to loans to public bodies in order to reflect the risk factors of today’s complex “commercial” projects undertaken by public bodies.
2. The proposed 75 bps spread is arrived at based on a calculation methodology which analyzes various sources of long-term bonds with similar commercial risk profiles and constructs for either “A/A-“ or “A/BBB” rated long-term bond indices. An average interest rate spread of three indices over the Province’s 20-year cost of funds is calculated, which is then converted to a spread over medium term Ontario bond. The average duration of OFA loans is estimated at 10 years.
3. The three constructed indices are comprised of the Casgrain three month average (February to April 2017) of PPP (Public Private Partnership) index based on 24 projects in Canada with “A” range PPP credit, the average of 5-year composite indices of Canada Utility A and Corporate BBB, and the Ontario Quasi-government entity long-term bond index. The details are provided in Schedule I: Proxy Commercial Interest Rate Spread Calculation.
4. The interest rates on loans deemed to be commercial in nature should reflect major risk factors in the credit markets, while shielding public bodies from extreme short-term volatility. The credit spread on the average of indices of comparable bonds is 75bps over the Province’s credit spreads.
5. With the appropriate interest rate spreads representing risks embedded in the loans, the borrowers should be more motived to pay back loans.

The Province’s spread over the government of Canada (the benchmark) was narrowed over the past year, and the spread of commercial long-term bonds over the benchmark has slightly widened which results in the OFA’s need to increase its maximum proxy commercial interest rate spread to 75 bps from 65 bps. For those loans with higher than usual credit risk, it is recommended that the OFA charge an additional credit spread premium that is reflective of the loan’s risk profile.

It is further recommended that the OFA continue to re-evaluate and monitor the proxy commercial interest rate spreads as credit spreads have varied significantly over the past few years.

In fiscal 2016-17, the total OFA retained interest from the proxy commercial spreads was $1,452,707, a 16% increase from a year earlier resulting from a relative higher average outstanding amount of agency loans throughout the year. The agency loans are subjected to the proxy commercial spread charge as opposed to the school board loans for which only an administration fee is charged over the province's cost of borrowing.

Fiscal Year	Composite Medium-term Spread Over Province's Cost of Funds	Recommended Maximum Spread	OFA Retained Interest
2017-18	75 bps	75 bps (recommended)	N/A
2016-17	65 bps	65 bps	$1,452,707
2015-16	70 bps	70 bps	$1,249,255
2014-15	45 bps	45 bps	$1,303,898
2013-14	54 bps	55 bps	$1,288,346
2012-13	55 bps	55 bps	$1,132,813
2011-12	52 bps	50 bps	$832,391
2010-11	50 bps	50 bps	$540,818

Identification of Appropriate Credit Spread

- "Commercial" projects undertaken by public bodies exhibit qualities and characteristics that could be considered similar to those of quasi-government PPP projects.
    - The public and private partnership feature gives PPP projects a quasi-government structure; and
    - There exists government guidance for project initiation, planning, controlling, executing and closure.

- The commercial risk spread identified through composite indices of comparable 'A or A/BBB' rated bonds is considered to be an appropriate index for measuring the risk of commercial projects undertaken by public bodies.

Approach in Setting Appropriate Credit Spread

- Establish a proxy commercial interest rate spread based on the risk of the project using two risk measures to evaluate project risk:
    i) the percentage of total project revenue attributable to government sources; and
    ii) the average debt service coverage ratio (DSCR) of the project.
- As illustrated in **Table A**, below, a project would fall into one of three different overall project risk categories depending on its risk measure scores: "A", "B", or "C" risk ratings

Table A – Overall Project Risk Rating

AVERAGE DSCR	PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES: LESS THAN 30%	PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES: GREATER THAN 30%
LESS THAN 1.35X	"C" Rating	"B" Rating
GREATER THAN 1.35X	"B" Rating	"A" Rating

- The interest rate spreads assigned to different project risk ratings are:
    - **"C" Risk Rating**: Province's cost of funds plus cost recovery charge plus 75 bps.
    - **"B" Risk Rating**: Province's cost of funds plus cost recovery charge plus 50 bps.
    - **"A" Risk Rating**: Province's cost of funds plus cost recovery charge plus 25 bps.

Michael Smith / Bonnie Zhang, Corporate Finance Branch
Corporate & Electricity Finance Division
May 5, 2017

Schedule I --- Proxy Commercial Interest Rate Spread

	Amount Outstanding (MM)	Duration	Long Bond Spread Over Canada	Long Bond Spread Over Ontario	Credit Rating
Casgrain PPP index Feb-Apr 2017 (duration 17 years)					
Casgrain PPP Index spread over GoC in April 2017 (weighted average of 24 eligible bonds with A range PPP credit)	N/A	17	1.75%		A/A-
Casgrain PPP Index spread over GoC in Mar 2017 (weighted average of 24 eligible bonds with A range PPP credit)	N/A	17	1.78%		A/A-
Casgrain PPP Index spread over GoC in Feb 2017 (weighted average of 24 eligible bonds with A range PPP credit)	N/A	17	1.82%		A/A-
Average Index (Feb - Apr 2017)				1.783%	
Less: Ontario 20 year bond spread over Government of Canada				-0.884%	
Casgrain PPP index spread over Ontario				**0.866%**	
5-year composite indices from Bloomberg					
Canadian Utility A over Ontario	N/A	N/A		0.410%	A
Canadian Corporate BBB over Ontario	N/A	N/A		1.000%	BBB
Average of Canadian Utility A and Canadian Corporate BBB spreads over Ontario				**0.705%**	
Ontario Quasi-government Entities Credit Spread					
Hydro One 2.77% 2026 over Can 2025	364	9	0.9321%		A
Hydro One 3.91% 2046 over Can 2045	255	29	1.3631%		A
Hydro One 4.29% 2064 over Can 2048	45	31	1.5401%		A
Hydro One 4.59% 2043 over Can 2037	419	20	1.4743%		A
Hydro One3.79% 2062 over Can 2041	309	24	1.4660%		A
Hydro One 4% 2051 over Can 2041	220	24	1.4440%		A
Hydro One 4.39% 2041 over Can 2037	290	20	1.4009%		A
Hydro One 5.49% 2040 over Can 2037	447	20	1.4463%		A
Hydro One 6.03% 2039 over Can 2037	232	20	1.4461%		A
Hydro One 4.89% 2037 over Can 2029	341	12	1.7490%		A
Hydro One 5% 2046 over Can 2033	287	16	1.5957%		A
Hydro One 5.36% 2036 over Can 2029	475	12	1.7291%		A
Hydro One 6.59% 2043 over Can 2037	218	20	1.4866%		A
Hydro One 6.35% 2034 over Can 2037	253	20	1.3067%		A
Hydro One 6.93% 2032 over Can 2027	328	10	1.8026%		A
Hydro One 7.35% 2030over Can 2027	268	10	1.6778%		A
Hydro One 4.17% 2044 over Can 2037	320	20	1.3841%		A
Hydro One 3.72% 2047 over Can 2045	333	29	1.3031%		A
Lower Mattagami 2.307% 2026 over Can 2026	166	9	0.9212%		A
Lower Mattagami 4.944% 2043 over Can 2037	194	20	1.4695%		A
Lower Mattagami 4.176% 2046 over Can 2041	268	24	1.3886%		A
Lower Mattagami 4.175% 2052 over Can 2041	226	24	1.4401%		A
Lower Mattagami 5.139% 2041 over Can 2041	256	24	1.3881%		A
Weighted Average Spread over Government of Canada	6,514	18.456		1.431%	
Less: Ontario 20 year bond spread over Government of Canada				-0.884%	
Plus: Project specific risk spread				0.300%	
Average of quasi-government entity credit and project spreads				**0.847%**	
Average Credit and Project Risk Interest Rate Spread				0.806%	
Less: spread between long and median term bonds				-0.056%	
Recommended Proxy Commercial Interest Rate Spread (medium term)				**0.750%**	

OFA ARMC MEETING
RESOLUTION: June 16, 2017

Liquid Reserves Statement of Investment Policy and Procedures

Resolved that:

> The Liquid Reserves Statement of Investment Policy and Procedures last reviewed by staff on May 23, 2017, in the form presented to this meeting is recommended to the OFA Board of Directors for approval.

ANNUAL APPROVAL TO THE LIQUID RESERVE STATEMENT OF INVESTMENT POLICY AND PROCEDURES

Issue

Seeking annual Board approval to The Liquid Reserve Statement of Investment Policy and Procedures.

Background

The Liquid Reserve Statement of Investment Policy and Procedures was originally approved by the Board of Directors in June 2009. As per the policy, the Liquid Reserve Statement of Investment Policy and Procedures is to be reviewed on an annual basis and approved by the Board of Directors.

Upon review, the following changes were made this year:

- Page 2, definition of *Unrestricted Liquid Reserves* was added and the definition of the *Money Market Portfolio* was updated to clarify that bonds purchased for medium-term strategic cash management purposes are excluded from the portfolio.
- Page 8, **Governance** section was updated to reflect changes in various Risk Management policies.

Recommendation

It is recommended that the OFA Board of Directors approve the Liquid Reserve Statement of Investment Policy and Procedures.

Capital Markets Division
May 25, 2017

Liquid Reserve Statement of Investment Policy and Procedures

Introduction

The Ontario Financing Authority is responsible for managing the financial liquidity of the Province of Ontario. The goal of liquidity management is to maintain sufficient cash and liquid investments to meet the Province's daily operating requirements and to withstand a range of stress events, including those involving the loss or impairment of funding sources. Liquidity is managed through the use of short-term and long-term borrowing and the maintenance of a Liquid Reserve. The Statement of Investment Policy and Procedures provides the basis for a liquidity management framework and will address the following:

1) Application and Scope
2) Definitions
3) Investment Objectives
4) Funding of Liquid Reserves
5) Roles and Responsibilities
6) The Province of Ontario Financing, Debt & Electricity Management Plan
7) Policies and Money Market limits
8) Performance Measurement and Benchmarking
9) Monitoring and reporting requirements
10) Governance

Application and Scope

This policy covers the management of the Province of Ontario's Liquid Reserve and Money Market Portfolio. It does not cover the management of any client's portfolios.

Definitions

Liquid Reserve: The Liquid Reserve is comprised of cash and short-term investments managed by the OFA for the Province of Ontario before consolidation with other government entities. This represents all investments managed by the OFA for use by the Province of Ontario that are readily convertible to known amounts of cash for the purpose of meeting short-term cash commitments. "Short-term" is defined by management intent rather than the length of time to maturity of the asset itself. For the purpose of this definition, short-term investments include long-term bonds held for hedging purposes as it is management's intent to hold them for less than a year. Therefore, the Liquid Reserve would include cash in the Province's bank accounts, money market securities and long-term bonds which have not been lent out through a sale and re-purchase agreement (repo), adjusted for net pledged collateral under Credit Support Annex (CSA) agreements. In essence, it represents all the cash and

financial securities held by the Province of Ontario, adjusted for the net pledged collateral posted under all CSA's.

Unrestricted Liquid Reserves: The Liquid Reserve excluding net collateral received from derivative counterparties.

Money Market Portfolio: This refers to a subset of the Province's Unrestricted Liquid Reserve. It includes all money market securities, short-term bonds, foreign currency denominated securities hedged back to Canadian dollars and investments made through purchase and re-sale agreements (reverse repo), including internal reverse repos, less any securities lent out of the money market portfolio through a repo agreement. It differs from the *Unrestricted Liquid Reserve* in that it excludes outright bond positions held for hedging purposes and for medium-term strategic cash management purposes but does include internal reverse repos of those bonds into the money market portfolio. The Money Market Portfolio also excludes any cash held in the Province's bank accounts.

Investment Objectives

The primary objectives in managing the Liquid Reserve are to meet the Province's and OEFC's cash requirements in a sound, cost effective manner and to hedge market risks associated with the long-term debt portfolio and borrowing program in accordance with the liquidity risk tolerance as established in the Annual Financing, Debt & Electricity Management Plan. Investments in the Liquid Reserve are expected to adhere to the following principles:

1. Security of Capital: Investment holdings should have a relatively low sensitivity to adverse developments in the economy and the capital markets. Investments are limited to investment grade, high quality credits.

2. Cash Flow Management: Cash flow forecasts should be updated daily and the maturity date of investments in the Money Market Portfolio should match large cash requirement dates where feasible.

3. Asset Liquidity: Investments must be sufficiently liquid to meet unexpected cash requirements on short notice. An instrument is considered sufficiently liquid if it can be easily and immediately converted into cash with minimum transaction costs. In addition to investments made within the Money Market Portfolio to meet operational cash requirements, the purchase and sale of bonds for hedging purposes has a direct impact on the Province's overall liquidity and asset mix of the Liquid Reserve. When developing hedging strategies, the impact on liquidity and overall asset mix must be considered.

4. Collateral Eligibility: When developing investment and hedging strategies, consideration must be given to the instrument's eligibility under the Province's CSA agreements. All else being equal, preference should be given to eligible securities.

5. Performance: The Money Market Portfolio should aim to meet the rate of return of a 60-day custom benchmark consisting of Overnight Rates, 30-,90- and 180-day Government of Canada Treasury Bills. The performance of hedging transactions are measured within their respective programs.

Funding of Liquid Reserves

In order to reduce the potential cost of holding liquid reserves, as well as to follow best practices in terms of asset/liability management, liquid reserves will be funded with floating rate exposure.

- The cost of maintaining liquid reserves is deemed to be the difference between the rate of return on liquid reserve investments versus the cost of Ontario's gross floating rate exposure.
- Any planned year-over-year changes in liquid reserves will be managed in conjunction with changes to gross floating rate exposure.

Roles and Responsibilities

Capital Markets: is responsible for determining how the Province's annual financing requirements will be met and for implementing the Province's approved financing strategies, including managing the short and long-term borrowing programs and management of the Province's Liquid Reserve. These strategies are outlined at the beginning of each year in the Province of Ontario Financing, Debt & Electricity Management Plan and are reviewed by Capital Markets continuously. Any planned deviations from approved strategies are reported to the OFA Board of Directors as necessary.

The Finance and Treasury Division is responsible for forecasting daily levels of the Liquid Reserve and reporting actuals. The division provides the following reports daily:

1. The Cash Flow Summary which forecasts the daily ending liquid reserve level. The forecast excludes uncontracted borrowings. These forecasts are used extensively by capital markets for determining and revising the liquid reserve management strategy.
2. The Cash Guideline which provides the previous day's actual ending Liquid Reserve level including actual cash balances, adjusted for net pledged collateral. In addition, a daily liquid reserve report provides a breakdown by portfolio type of the outstanding liquid reserve plus actual cash.

Three schedules are also submitted to the Borrowing Strategy Committee monthly:

1. Liquid Reserve and Cash Flow Projections which provides the fiscal year's current outlook compared to the cash budget with a projection of the year end's Liquid Reserve.
2. Variance Report which explains the variance between the projected current outlook and cash budget for the fiscal year.
3. Liquidity Ratio report which is an indicator of how much of the funding requirements in the next twelve months is covered by the liquid reserves.

This process ensures a robust framework for projecting cash flows over an appropriate time horizon.

The Finance and Treasury Division is also responsible for settling and accounting for all capital markets transactions and reporting on actual levels of cash, cash equivalents and temporary investments managed by the OFA for Ontario Public Accounts.

Risk Control Division: is responsible for developing risk management policies, monitoring and reporting on risk exposure levels, reviewing credit ratings of approved issuers and performance measurement of the Money Market Portfolio and other Capital Markets programs. Risk Control is responsible for running stress testing scenarios to determine market sensitivities of the Province's hedging and borrowing related activities and credit exposures.

Capital Markets Operations: Negotiates, with the support from the Ministry of Finance Legal Services Branch, documentation related to potential and approved instruments and monitors the legal developments related to the OFA's capital markets activities and informs of new exposures resulting from legal developments or regulatory changes.

Risk Management Committee: reviews risk exposures, capital market transactions and strategies related to Liquid Reserve management activities on a weekly basis. Stress testing results provided by Risk Control Division which are in excess of specified trigger levels are reviewed by the Risk Management Committee to determine if any remedial actions are required.

The Province of Ontario Financing, Debt & Electricity Management Plan

The Province's funding requirements are dependent on the Province's cash deficit or surplus, investment in capital assets, net loans and investments, debt maturities and debt redemptions. The Province of Ontario Financing, Debt & Electricity Management Plan outlines the overall strategy to meet funding requirements including planned Canada Pension Plan borrowing, long-term and

short-term borrowing and planned changes in the level of the Liquid Reserve as well as defining strategies for the management of the Province's market risk exposures and liquidity risk. As part of this strategy, the Province of Ontario Financing, Debt & Electricity Management Plan will include a liquidity management plan that will address:

- planned long and short-term borrowing;
- planned changes in the level of the Liquid Reserve;
- planned changes in the level of gross floating rate exposure;
- forecasted in-year levels of the Liquid Reserve, including an analysis of various stress-test scenarios;
- a minimum Liquid Reserve level which includes contingency planning for potential collateral needed under the Province's CSA agreements;
- the cost of maintaining the Liquid Reserve; and
- a review of the prior year's strategy.

Policies and Money Market Portfolio Limits

The Province of Ontario's investment powers are governed by the Financial Administration Act, 1990. In particular, Section 3.1, along with Orders-in-Council made pursuant to Section 3.1 (i), outlines the types of investments that the Minister of Finance may enter into on behalf of the Province of Ontario. The Capital Investment Plan Act, 1993, established the Ontario Financing Authority as a crown agency responsible for assisting public bodies and the Province of Ontario to borrow and invest money, develop and carry out financing programs, issue securities, manage cash, currency and other financial risks. In this regard, the OFA has established a series of policies and procedures which comprise the risk management framework for managing the Province's liquidity and financial risks in accordance with the Province's risk tolerance.

Policies:
Management of the Province's Liquid Reserve and Money Market Portfolio are governed by the OFA's Risk Policies and Procedures. Specifically:

After Hours Trading Procedures: ensures key OFA personnel are aware of trades entered after daily risk control reports have been produced.

Authorized Trading Limits: Defines who in the OFA can enter and authorize financial transactions on behalf of the Province and establishes trading limits for each transactor and authorizer.

Credit Risk Policy: establishes a framework and process for credit risk management to ensure that the OFA manages the Province's exposures in a sound and cost effective manner. This includes the process for approving counterparties and issuers and the setting of credit and term limits for all

approved counterparties and issuers. As part of this policy, Risk Control maintains a list of approved counterparties and issuers.

ITS Control Principles: ensures all trades are entered on a timely basis in order to ensure the integrity of the OFA Integrated Treasury System (ITS).

Market Risk Policy: Establishes a framework and related processes for the sound and efficient management of market risk exposures associated with managing the Province's Liquid Reserve.

Policy on the Use of Derivatives and Other Financial Instruments: sets out key principles and processes for the use and authorization of derivatives and other financial instruments, specifically addressing the pricing, settlement and accounting of all such transactions. As per the policy, Risk Control Division maintains a list of approved financial instruments that can be used in the management of the OFA's capital markets activities, including the management of the Liquid Reserve and the Money Market portfolio.

Risk Management Reporting Policy: ensures that the risk exposures associated with the OFA's Capital Market activities are identified, measured and reported to OFA management, the Board of Directors and other clients in a timely, accurate and comprehensive manner.

Money Market Portfolio Limits:

In addition to the limits imposed on the management of the Liquid Reserve from the above policies, the management of the Money Market Portfolio is further governed by limits imposed and clarified in this policy:
Term to Maturity of Securities: The term to maturity is measured from the trade date to the date of maturity. The term to maturity of any investment held in the Liquid Reserve is governed by the OFA Credit and Related Legal Risks Policy. In addition, the Money Market Portfolio has further term limits including:

- a 2 year plus 2 month term for securities issued by the Federal Government, Provinces & Guarantees[1];
- a 380 day term limit for securities issued by foreign sovereigns and supranationals;
- a 380 day term limit for securities issued by schedule I, II, III and equivalently regulated banks, investment dealers and guarantees as well as commercial paper issuers guaranteed by Schedule I, II, III banks;
- a 105 day term limit for securities issued by corporations and trusts;
- a 380 day term limit on the term to maturity of reverse repo agreements (the term limit does not apply to the term to maturity of the underlying collateral) and;

[1] The only exception to this is the Student Loan Corporation of Newfoundland & Labrador which has a 730 day limit.

- Acceptable collateral received on reverse repo agreements is limited to securities issued by the Federal Government, Provinces & Guarantees.

Performance Measurement & Benchmarking

In-year changes to the level of the Province's Liquid Reserve are dependent upon the timing of cash revenue receipts versus cash expenditures, changes in collateral flows between the Province and CSA counterparties, and the pace of the long-term and short-term borrowing programs. Capital markets will develop a base forecast and strategy on how to manage any known large fluctuations in the Liquid Reserve in the annual Province of Ontario Financing, Debt & Electricity Management Plan. This strategy will be reviewed and discussed on a continuous basis and actual results versus the planned strategy will be reported on annually in the Province of Ontario Financing, Debt & Electricity Management Plan.

The cost savings of the Province of Ontario Money Market and New Borrowing Programs are measured against performance benchmarks.

Monitoring & Reporting:

Risk Control Division is responsible for reporting on the mark-to-market of all of the Province's financial positions, the Province's credit exposure (including credit concentration) and monitoring adherence to OFA policies on a daily basis. They are also responsible for monitoring compliance with all Risk policies and procedures on an on-going basis. This includes reporting on the composition of the Liquid Reserve and Money Market Portfolio, including:

- credit exposures of the Liquid Reserve,
- stress testing of CSA counterparties to determine potential collateral needs,
- concentration limits of the Liquid Reserve,
- composition and term to maturity of the Money Market Portfolio.

The Finance and Treasury Division reports on the level of liquid reserves as well as forecasting changes in liquid reserves on a daily basis. Forecasted changes in liquid reserves include 'what-if' scenarios for short-term borrowing. They also report on the changes in Cash and Cash Equivalents line in the Financing Table of the Annual Budget as well as the Quarterly Financial Updates of the Province. Likewise, the Finance and Treasury Division along with the Office of the Provincial Controller reports on the consolidated Cash and Temporary Investments line in the Annual Budget on an estimated basis for both the interim and the budget year.

Governance:

Risk Control Division reviews and updates risk management policies on a regular basis.

The Risk Management Committee (RMC) reviews the Province's Liquid Reserve position on a weekly basis~~. Any corporate issuers of commercial paper exceeding 90% of their allowable exposure are subject to risk assessment by RMC.~~

Credit exposure limits and concentration limits are set out in the *Credit ~~and Related Legal~~ Risk~~s~~ Policy*. The Board of Directors is notified of violations of any credit exposure limit before noon of the following day in accordance with the *Credit Risk Policy* and the *Risk Management Reporting Policy*.

~~As per the *Market Risk Policy*, a CEO trigger level on the Debt and Investment Management Loss is included in the annual *Financing, Debt and Electricity Management Plan.* The CEO is notified if the aggregate Debt and Investment Management Loss for actively managed positions during the current fiscal year exceeds this level.~~

This Statement of Investment Policies and Procedures will be reviewed on an annual basis and approved by the Board of Directors.

OFA ARMC MEETING
RESOLUTION: June 16, 2017

Revised OFA Policy on the Use of Derivatives

Resolved that:

The revised OFA Policy on the Use of Derivatives, in the form of the draft presented to this meeting, is recommended to the OFA Board of Directors for approval.

DRAFT – FOR DISCUSSION ONLY

REVISIONS TO THE OFA POLICY ON THE USE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

Issue

Seeking Board approval for revisions to the OFA's Policy on the Use of Derivatives and Other Financial Instruments.

Background

The OFA Corporate Governance Policy requires that Risk Control Division reviews the OFA's risk management policies annually to ensure they reflect best practices and are consistent with the latest development in global capital markets. The OFA's Policy on the Use of Derivatives and Other Financial Instruments is due for review. Other policies do not require updating at this time.

Recommendations and Rationale

We recommend that the OFA Board of Directors approve the following proposed changes to the OFA's Policy on the Use of Derivatives and Other Financial Instruments

1) On the title page, the "Ontario Financing Authority" was replaced with "OFA Treasury Program" to clarify that this policy applies to IOD-related OFA transactions on behalf of the Province. Corresponding definitional and editorial changes were made throughout the policy.

2) Section 8.3 [Roles and Responsibilities: BSC] was updated, as in other policies, to specify that BSC and RMC meet on a monthly and weekly basis, respectively.

3) Following a review, the list of approved option instruments in Appendix 2 [List of Approved Financial Instruments] was simplified.

Risk Control Division
May 30, 2017

DRAFT FOR DISCUSSION ONLY

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~~ONTARIO FINANCING AUTHORITY~~

POLICY ON THE USE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

OFA TREASURY PROGRAM

Board Approved: April 21, 1997
Revisions approved by the Board: December 17, 1997
Revisions approved by the Board: December 18, 2000
Revisions approved by the Board: December 20, 2005
Revisions approved by the Board: June 17, 2009
Revisions approved by the Board: September 24, 2010
Revisions approved by the Board: June 13, 2012
Revisions approved by the Board: June 14, 2013
Revisions approved by the Board: February 20, 2015
Approved by the Board: June 12, 2015
Revisions approved by the Board: June 17, 2016
Revisions submitted to the Board for approval: June 16, 2017

1. INTRODUCTION

In carrying out its mandate, the Ontario Financing Authority (OFA) uses a variety of Financial Instruments, including Derivatives. These instruments can be highly complex in their design and can significantly expose the Treasury Program ~~create significant exposure~~ to Market, Credit, Operational, and Legal Risks. To manage these risks effectively, the OFA has put in place an extensive risk management infrastructure involving all areas at the OFA concerned with trading, settlement, accounting, and risk management for Financial Instruments.

The two most significant risks associated with the use of Derivatives and other Financial Instruments are Market Risk and Credit Risk. The infrastructure requirements for managing these risks, including portfolio exposure metrics, compliance monitoring and reporting, are addressed in the OFA's ***Market Risk Policy, Credit Risk Policy*** and ***Risk Management Reporting Policy***. This policy focuses primarily on the governance structure for the use of Financial Instruments.

2. PURPOSE

The purpose of this policy is to ensure that due diligence is exercised in the process of the approval and ongoing review of all instruments that the OFA is authorized to transact. The policy sets out key principles and processes governing the authorization and use of Derivatives and other Financial Instruments.

3. DEFINITIONS

For the purpose of this policy:

Credit Risk is the risk of an economic loss attributable to the failure of a counterparty or issuer to fulfill its contractual obligations, thus causing the holder of the claim to suffer a loss in cash flows or market value. For the purpose of this policy, credit risk also includes related Legal Risk and Settlement Risk.

A **Credit Support Annex** is a supplement to the ISDA Master Agreement which provides the terms and conditions for posting collateral on bilaterally traded OTC derivatives.

A **Derivative** is a financial instrument whose value is derived from the value of one or more reference financial instruments or indices. Derivatives include futures, forward foreign exchange contracts, swaps, options and Structured Financial Instruments.

A **Financial Instrument** is a security or an agreement that provides for the conditional or unconditional exchange of a stream of payments and/or securities. Financial instruments include securities and financial instruments referred to in Part I, Section 3(1) of the ***Financial Administration Act*** (FAA; provided as Appendix 1).

Hedging is the process of entering into financial transactions that, when combined with existing financial positions, offset the impact of fluctuations in interest rates, foreign exchange rates and other market variables. A hedging transaction can be undertaken on an outstanding position, portfolio or in anticipation of a planned position in the future. Hedging also includes exposure management within approved policy limits.

Interest on Debt (IOD) is the consolidated interest expense of the Province.

Legal Risk is the risk of loss resulting from a legal impediment such as inadequate documentation, a regulatory prohibition on a specific counterparty or non-enforceability of a contract.

Leverage describes a Derivative or a financial position where the payoff profile magnifies the impact of market movements. Leveraged positions that offset each other shall not be considered leverage.

Market Liquidity Risk is the risk of being unable to close or open positions in Financial Instruments quickly enough and in sufficient quantities at a reasonable price to avoid adverse financial impacts.

Market Risk is the risk that the value of a portfolio will adversely change as a result of unfavorable changes in market variables such as interest and foreign exchange rates, or changes in market liquidity.

Net Leverage describes a Leveraged position that is not completely offset by other transactions.

A **New Financial Instrument** is a financial instrument whose underlying structural characteristics have not been used by the OFA in the past or a financial instrument that is not currently permitted under the FAA.

Operational Risk is the risk of loss due to human error or fraud or the risk that systems will fail to accurately record, monitor or account for transactions or positions.

Settlement Risk is the risk that a transaction does not settle because a dealer, broker, or counterparty does not deliver payment or a security under the terms of a transaction.

A **Structured Financial Instrument** is a financial instrument whose cash flows are highly sensitive to changes in one or more underlying assets or Derivatives.

Treasury Program includes activities undertaken by the OFA on behalf of the Province for the purpose of borrowing, debt management, and liquid reserves management

4. APPLICATION AND SCOPE

This policy applies to all management and staff of the OFA including all their activities related to the use of Derivatives and other Financial Instruments in arms-length capital market transactions on behalf of the Province's Treasury Program.

The policy does not apply to OFA loans on direction from the Province or Provincial loans to other public bodies or to corporations owned by the crown, or the Province's investments in private sector corporations, or funds managed by the OFA including those under the Ontario Nuclear Funds Agreement.

5. APPROVAL OF POLICY

This policy and amendments recommended by the OFA Risk Control Division and reviewed by the OFA Audit and Risk Management Committee, become effective upon approval by the OFA Board of Directors.

6. PRINCIPLES

The governance structure for managing risks inherent in the use of Derivatives and other Financial Instruments is based on the following key principles:

Principle 1: The OFA shall use only those Derivatives and other Financial Instruments:

- that are permissible under the FAA. Their use shall be in compliance with applicable laws, regulations, policies and procedures (see Appendix 1 for details);
- that the OFA can price, settle, monitor and account for in a manner consistent with industry best practice; and
- whose risk exposures, including Market Liquidity Risk, can be measured or assessed by the OFA.

Principle 2: The OFA shall monitor market and industry best practices related to the use of Financial Instruments, and associated financial, accounting and legal developments and adopt them, if applicable. In particular, the OFA shall negotiate on a best-efforts basis Credit Support Annexes with all its Derivative counterparties to reduce the risks inherent in such instruments.

Principle 3: The OFA shall use Derivatives only for the purpose of Hedging.

Principle 4: The OFA shall not intentionally use Derivatives to create Net Leverage.

Principle 5: The OFA shall periodically review the appropriateness and risk profile of approved Financial Instruments (provided in Appendix 2), especially under stressed market conditions.

7. RISK MANAGEMENT PROCESS AND OPERATIONAL REQUIREMENTS

This section outlines the processes at the OFA for dealing with risks inherent in Derivatives and other Financial Instruments, as well as the approval process for New Financial Instruments.

7.1 Authorized Use of Derivatives

Derivatives shall be used only for Hedging purposes. All derivative transactions shall be undertaken within the exposure and loss limits established in the OFA's ***Market Risk Policy*** and– ***Credit Risk Policy***.

The use of Derivatives is not permitted to create Net Leverage. If such use results in a Leveraged position, it must be neutralized by an offsetting transaction.

7.2 Preparation for the Use of New Financial Instruments

In the event that Capital Markets Division (CMD) believes that it would be advantageous for the OFA to make use of a New Financial Instrument, it shall provide Finance and Treasury Division, as well as Risk Control Division, advance notice in writing including:

- Description of the New Financial Instrument and its risk profile and that it is permissible under the FAA;
- Intended use of the new instrument together with a rationale for using it;
- Description of the applicable pricing methodology;
- Assessment of its market practices; and
- Outline of how CMD intends to manage risks inherent in this instrument.

Each division shall develop, test and implement the requisite infrastructure necessary to manage the Market, Credit, IOD, Operational and Legal Risks associated with the use of the New Financial Instrument. All divisions shall verify that the New Financial Instrument can be priced, settled, monitored and accounted for in accordance with industry and other applicable standards. Each division will then confirm its readiness to RMC before further steps can be taken.

CMD shall present a request, including all supporting documentation, for the future use of the New Financial Instrument to BSC for recommendation to the OFA Board of Directors for approval.

If a New Financial Instrument is not authorized for use by the Province under the FAA, then approval by the OFA Board of Directors is contingent upon obtaining an amendment to the FAA or an Order-in-Council under the FAA that authorizes use of the New Financial Instrument.

7.3 Financial Instruments Which the OFA Has Not Used but Can Price

Capital Markets may use a Financial Instrument which the OFA has not used in the past but can replicate using existing financial engineering building blocks in the OFA's Integrated Treasury System (ITS) and priced accordingly, provided it contains only risks associated with the respective approved Financial Instruments. This instrument shall not be considered a New Financial Instrument. The use of this instrument does not require approval by the OFA Board of Directors but will be subject to the same due diligence and internal control process as outlined in Sections 7.2.

7.4 Settlement and Accounting

Finance and Treasury Division (FTD) shall ensure the details of transactions captured in ITS accurately represent the specifics of the transactions, and shall settle trades.

FTD shall account for and report on Financial Instruments using the Province's and other OFA clients' applicable financial accounting policies.

7.5 Exposure Measurement, Monitoring and Reporting

Risk Control Division (RCD) shall measure and report exposures arising from Financial Instruments in accordance with the ***OFA Risk Management Reporting Policy***. RCD shall monitor Credit and Market Risk exposures arising from the use of Financial Instruments in compliance with the OFA's ***Market Risk Policy*** and ***Credit Risk Policy***.

CMD shall monitor all exposures to ensure that they satisfy applicable program objectives and limits, as well as approved strategies, for example, as described in the annual Financing, Debt & Electricity Management Plan and the OFA risk management policies.

7.6 Monitoring and Periodic Assessment of Financial Instruments

CMD, jointly with RCD, shall proactively monitor changes in market practices and conditions, striving to detect stressed market conditions that can make the valuation of Structured Financial Instruments and other Derivatives particularly difficult.

RCD shall monitor the adequacy of pricing sources for the daily valuation of positions in approved Financial Instruments.

FTD shall monitor changes to financial accounting practices and their implications for the Province's Interest on Debt (IOD) and net debt, and where necessary, seek the assistance of the Office of the Provincial Controller and/or external subject matter expertise.

CMD shall monitor legal developments related to approved Financial Instruments, with the assistance of the Legal Services Branch of the Ministry of Finance.

RMC shall periodically (at least every two years) review product and market developments, product structure and pricing methods of approved Derivatives and other Financial Instruments to ensure that the OFA continues to be able to manage in a sound and efficient manner the risks associated with these instruments.

The CEO may suspend the use of any Financial Instrument or remove a Financial Instrument from the ***List of Approved Financial Instruments*** (Appendix 2) if it is deemed necessary or prudent. Reinstatement of the Derivative or other Financial Instruments removed from the approved list will be subject to the due diligence process applicable to a New Financial Instrument, as per Section 7.2.

8. ROLES AND RESPONSIBILITIES

Effective risk management requires an effective governance structure and well defined roles and responsibilities. This section describes the roles and responsibilities of the OFA Board of Directors, the CEO, as well as several internal OFA committees and divisions under this policy.

8.1 OFA Board of Directors

- Approves this policy and amendments after a review and recommendation by the BSC and the OFA Audit and Risk Management Committee; and
- Approves New Financial Instruments proposed by Capital Markets Division and recommended by BSC.

8.2 Chief Executive Officer (CEO)

- Makes decisions on matters related to the use of Derivatives and other Financial Instruments referred to the CEO for approval by RMC;
- Provides direction on matters related to accounting, settlement and reporting of New Financial Instruments;
- May suspend or limit the use of any Financial Instrument or remove a Financial Instrument from the ***List of Approved Financial Instruments (*Appendix 2*)***; and
- Approves procedures related to this policy.

8.3 Borrowing Strategy Committee (BSC)

- Approves proposed amendments to the policy for submission to the Board of Directors of the OFA;~~,~~
- Reviews New Financial Instruments proposed by Capital Markets Division;~~,~~
- Evaluates other divisions' readiness to implement the use of such instruments; ~~,~~and
- Recommends their approval by the Board of Directors; and~~.~~
- Meets on a monthly basis

8.4 Risk Management Committee (RMC)

- Reviews requests by CMD to use New Financial Instruments and, after analyzing related risk exposures, recommends approval of such instruments to the Board of Directors in the absence of a timely BSC meeting;
- Reviews and approves new risk and valuation models for implementation into OFA systems;
- Reviews Derivative positions or transactions which have the potential to create Net Leverage; and
- Reviews the ***List of Approved Financial Instruments (Appendix 2)*** every two years if required; and
- Meets on a weekly basis.~~.~~

8.5 Capital Markets Division (CMD)

- Notifies and seeks authorization from the OFA Board of Directors to use any New Financial Instrument;
- Monitors Market Liquidity Risk related to the OFA's capital market activities and inform RMC and BSC of any significant changes in financial market and market liquidity conditions;
- Negotiates, with support from the Ministry of Finance Legal Services Branch, the master agreements and other documentation, including Credit Support Annexes, related to newly approved instruments with counterparties and reports on these issues upon request; and
- Periodically reviews procedures, documentation requirements, processing systems and other Operational Risk management practices pertinent to carrying out CMD's functions.

8.6 Finance and Treasury Division (FTD)

- Settles transactions, including collateral under Credit Support Annexes, in a timely manner;
- Reports immediately any failed or delayed settlement to Capital Markets and Risk Control Divisions;
- Selects and implements the Province's accounting policies applicable to new and approved Financial Instruments in consultation with the Office of the Provincial Controller;
- Periodically reviews procedures, documentation requirements, data processing systems and other Operational Risk management practices pertinent to carrying out FTD's functions.
- Ensures funding of the appropriate accounts to settle transactions;
- Reports on cash flows associated with Derivatives and other Financial Instruments as part of daily cash reports to advise Settlements of any discrepancies; and
- Expedites the creation of foreign currency bank accounts as required.

8.7 Risk Control Division (RCD)

- Develops and maintains the ***Policy on the Use of Derivatives and other Financial Instruments***, following industry best practice as applicable to the OFA;
- Monitors Derivatives and other transactions and reports any potential situation of Net Leverage to the RMC;
- Periodically reviews procedures, documentation requirements, data processing systems and other pertinent divisional Operational Risk management practices such as periodic review of risk management models used to price and value Financial Instruments;
- Puts in place appropriate information processing and reporting capabilities related to the valuation of Derivatives and related collateral, as well as other Financial Instruments;
- Monitors and enforces transaction and authorization limits through the ITS system, as defined in the ***Authorized Trading Limits*** and specified in the ***ITS Control Principles***;
- Maintains the ***List of Approved Financial Instruments*** (Appendix 2); and
- Monitors and reports Market Risk, credit exposures and concentrations to CMD, the CEO, BSC and the Board of Directors in a timely fashion.

APPENDIX 1: Financial Administration Act: Minister of Finance's Investment Powers

3. (1) When the Minister of Finance considers it advisable for the sound and efficient management of public money, the public debt, the Consolidated Revenue Fund or any other fund for which the Minister of Finance is responsible, the Minister of Finance may purchase, acquire, hold or enter into,

(a) notes, bonds, debentures and other evidences of indebtedness issued or guaranteed as to principal and interest by,

(i) Canada, Ontario or another province of Canada,

(ii) a municipality in Canada,

(iii) a country other than Canada or a political subdivision of a country other than Canada,

(iv) an agency of the Government of Canada, a province of Canada or a country other than Canada,

(v) a bank or financial institution that is supervised or examined by the central bank or other governmental authority in the jurisdiction in which the bank or financial institution carries on business, or

(vi) a supranational financial institution or governmental organization;

(b) deposit receipts, deposit notes, certificates of deposit, acceptances and other investment instruments issued, guaranteed or endorsed by a financial institution authorized to carry on business in Canada;

(c) bills, notes, acceptances and other investment instruments issued, guaranteed or endorsed by a corporation engaged in commerce that is authorized to carry on business in Canada;

(d) foreign currency exchange agreements, spot foreign currency agreements and forward foreign currency agreements;

(e) interest rate and currency exchange agreements and forward rate agreements;

(f) bond futures agreements, bankers' acceptance futures agreements, foreign currency exchange futures agreements and other similar financial futures agreements;

(g) agreements to sell or purchase the right to exercise an option, put or call, or any combination of them;

(g.1) securities loan agreements, repurchase or reverse repurchase agreements relating to securities issued by Ontario or to any Financial Instrument or agreement in which the Minister of Finance is authorized to invest under this subsection;

(h) agreements to sell short a security, Financial Instrument or agreement in which the Minister of Finance is authorized to invest under this subsection; and

(i) other securities, financial agreements, investments and evidences of indebtedness authorized by or belonging to a class authorized by the Lieutenant Governor in Council. 1991, c. 55, s. 2; 1994, c. 17, s. 62 (2); 1996, c. 24, s. 34 (1).

Source: http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90f12_e.htm

APPENDIX 2: List of Approved Financial Instruments

Approved Financial Instruments are those instruments which are permitted under the FAA and which have been authorized under the ***Policy on the Use of Derivatives and Other Financial Instruments***. In keeping with this policy, the Risk Management Committee is required to review the list of approved Financial Instruments at least annually. The list is maintained and updated by Risk Control Division.[1] Note that inclusion on this list does not supersede other policy requirements, such as the OFA's ability to value an instrument.

Bonds:

- Bonds with embedded call options
- Bonds with embedded put options
- Step-up bonds (with or without embedded options)
- Fixed rate bonds
- Floating rate bonds (with or without embedded options)
- Real return bonds
- Bonds with attached warrants (bunny bonds)
- Amortizing bonds
- Zero-coupon bonds
- Dual-currency bonds
- Bonds with FX options

Money market:

- T-bills
- Commercial paper (excluding asset-backed commercial paper (ABCP))
- Coupons
- Residuals
- Promissory notes
- Repos and Reverse repos
- Bankers' acceptances
- Term loans/deposits
- Bearer deposit notes

Swaps:

- Overnight index swaps
- Interest rate swaps
- Currency swaps
- Interest rate forward rate agreements
- Interest rate spreadlocks
- Currency spreadlocks
- Amortizing swaps
- Constant maturity swaps
- Real Return Swaps*

Options

- Put and call options for bonds and, FX, and interest rate and currency futures
- Swaptions
- FX Barrier options (single and double barrier options)
- Interest Rate Caps, floors, and collars

Foreign exchange

- FX forwards
- FX rolls
- Cross-currency swaps

Futures

- Bond futures
- Foreign currency futures
- Money market futures
- Banker's acceptance futures
- Forward rate agreements
- Other interest rate and currency financial futures

Purchase of the following instruments is suspended pending review:

Asset backed securities:

- Mortgage backed securities (MBS)**
- Asset backed commercial paper (ABCP)
- Other asset backed securities

* Approved only for Borrowing Program and Debt Buybacks involving matching real return bonds
** The suspension of approval does not apply to securities which are guaranteed by the Government of Canada.

OFA ARMC MEETING
RESOLUTION: June 16, 2017

Revised OFA ARMC Charter

Resolved that:

The revised OFA Audit and Risk management Charter in the form presented to this meeting, is recommended to the OFA Board of Directors for approval.

OFA Board of Directors
Audit and Risk Management Committee
Amendments to Audit and Risk Management Committee Charter

Issue:

- At the April 21, 2017 Audit and Risk Management Committee (ARMC) meeting, the Secretary of the Committee was directed to consider additional amendments to the ARMC Charter.

Status:

- The Committee Secretary circulated proposed further amendments to the ARMC Chair and the Board Vice Chair in advance of the June ARMC meeting to obtain feedback and input.

Summary of Changes:

- The distinction between the roles and responsibilities of the Ontario Internal Auditor Division (Internal Audit) and the Office of the Auditor General (Auditor General) has been clarified through the consistent use of clearly defined terms (Pg 1: "Authority" & Article 3).

- The Board's responsibilities, as highlighted by the Auditor General in the annual Audit Plan (e.g. assisting the Board in monitoring management's efforts to create a culture of honesty and ethical behavior) are more clearly articulated as being delegated by the Board to the ARMC in the Charter through the following changes:

    - revisions to the "Purpose" section of the Charter, which incorporate specific reference to the substantive Board responsibilities highlighted by the Auditor General in her audit plan, tracked to the language in the MOU that the OFA has with the Province (Pg 1);

    - revisions to the internal controls review framework, which include specific language regarding the risk of management override of internal controls. Revisions have been made to the sub-bullet requiring that reports of the Internal Auditors address internal controls. Internal Audit was consulted on this change and confirmed it is acceptable, but notes the potential for management override is an inherent limitation in any control system (Pg 4; Article 1B);

    - additional revisions to the internal controls framework to amend the sub-bullet focused on management's communication of codes of conduct to staff. This change

directly connects the ARMC's duties to the Board's responsibility to oversee management's efforts to create a culture of honesty and ethical behavior (Pg 4; 1B).

- The ARMC's oversight role in respect of identifying and measuring risks has been updated to reflect the ARMC's new annual review (in February) of the risk identification and assessment included in the annual OFA business plan. Related assurances from the Internal Auditors have also been added with regard to Internal Audit's review of the OFA's processes for identifying and reporting risks mitigation strategies (Pg3; 1A).

- Amendments to the "Membership" and "Process" sections of the Charter been made to clean up language and enhance clarity.

June 7, 2017
Ontario Financing Authority
Legal Director

ONTARIO FINANCING AUTHORITY

AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

Reviewed and Approved OFA ARMC	Approved OFA Board of Directors
August 29, 1997	*September 15, 1997*
November 25, 2002	*December 16, 2002*
June 19, 2006	*September 20, 2006*
March 28, 2008	*April 11, 2008*
February 19, 2009	*September 11, 2009*
February 11, 2011	*April 8, 2011*
September 16, 2011	*September 16, 2011*
April 23, 2012	*April 23, 2012*
February 8, 2013	*February 8, 2013*
February 7, 2014	February 7, 2014
May 5, 2015	June 12, 2015
February 19, 2016	February 19, 2016
June 17, 2016	June 17, 2016
June 16, 2017	

DEFINITION

The Audit and Risk Management Committee ("ARMC") is a standing committee of the Ontario Financing Authority ("OFA") Board of Directors ("Board").

PURPOSE OF ARMC

Among other things, the OFA Board is responsible for ensuring that the OFA is governed in an effective and efficient manner according to accepted business and financial practices, and ensuring that the OFA uses public funds with integrity and honesty, and only for the business of the OFA based on the principle of value for money, in compliance with applicable legislation and TB/MBC directives.

The Board may establish such Board committees or oversight mechanisms as may be required to advise the Board on effective management, governance or accountability procedures for the OFA.

The purpose of the ARMC is to assist the Board in fulfilling its above stated governance oversight responsibilities. The ARMC carries out this role by providing governance oversight and advice to the Board, in the areas of:

- risk management;
- financial reporting; and
- audits

AUTHORITY

In discharging its oversight role, the ARMC may (i) investigate any matter within its area of responsibility with full access to all books, records, and personnel of the OFA, (ii) subject to prior approval by the Chair of the OFA, retain outside legal, accounting, or other experts and (iii) communicate directly, as appropriate, with the Ontario Internal Audit Division of the Treasury Board Secretariat ("Internal Audit" or "Internal Auditors"), the Auditor General of Ontario ("Auditor General") and the Ontario Nuclear Funds Agreement external auditors ("ONFA Auditors").

MEMBERSHIP

- The ARMC shall be composed of not less than four members of the Board. None of the members of the ARMC shall:
  - (a) be or have been in the past 12 months an employee of the OFA appointed under Part III of the *Public Service of Ontario Act, 2006* ("PSOA"); or
  - (b) have a spouse or financial dependent who is an employee of the OFA.

- The Board will appoint ARMC members, and approximately every two years, designate or re-designate from ARMC members an ARMC Chair and may designate or re-designate from ARMC members one or more ARMC Vice-Chairs.

- Terms of appointment to the ARMC shall not exceed three years. Committee members may be reappointed for subsequent terms of three years, subject to any Board term limits.

- Staggered terms should be encouraged.

- The ARMC Chair and the ARMC Vice-Chair(s) shall be Independent Directors of the OFA. For the purposes of this charter, in order for a Director to be “Independent” he or she may not be an employee in the Ontario Public Service.

- At least one member shall have accounting expertise.

- At least one member shall have financial management expertise.

- At least one member shall have financial risk management expertise.

- At least one member shall have relevant Capital Markets expertise.

- All members should be able to read and understand the OFA’s financial statements.

- Any member of the ARMC may resign by delivering a written resignation to the OFA, or be removed or replaced at any time by the Board. Each member of the ARMC shall cease to be a member of the Committee upon ceasing to be a member of the Board.

- Membership and succession planning for the ARMC shall be reviewed at least biennially by the Human Resources and Governance Committee of the Board.

RESPONSIBILITIES

The ARMC shall:

- carry out the tasks and duties listed below;
- perform other activities as requested by the Board; and
- institute and oversee special investigations, as needed.

1. Risk Management

Objective: Obtain appropriate assurances from the OFA's Chief Executive Officer ("CEO") and Chief Financial and Risk Officer ("CFRO") that material risks are identified, measured and, to the extent possible, mitigated, and that the OFA maintains an appropriate culture of compliance.

A. IDENTIFY AND MEASURE RISKS

The ARMC will:

- in conjunction with the OFA's annual business planning cycle, review the material risks facing the OFA and the related mitigation strategies;
- understand how material risks are created as a result of the OFA's activities for the Province, the OFA and other public bodies, and how these risks are monitored, controlled and reported;
- review significant risk management developments affecting the OFA, such as use of new types of derivatives or securities, new regulatory requirements and changes in industry best practices;
- review reports from OFA management concerning financial positions, exposures and results, including exposure levels of credit, foreign exchange and interest rate risk;
- review the probability and impact of identified enterprise risks and obtain an opinion from the Internal Auditors that the process used by the OFA to identify the risks and mitigation strategies is appropriate and reasonable, and that Internal Audit is not aware of any unreported risks; and
- review plans and reports of the Internal Auditors relating to the activities of the OFA, including activities of OFA staff on behalf of the Province.

B. MITIGATE RISKS

The ARMC will:

- review regular and exception reports from management and legal counsel regarding: financial performance; losses or claims against the OFA; exposures; operational risks; and compliance matters, including quarterly IT reports, procurement reports and the annual procurement plan;

- review the OFA Treasury Program's risk management policies and any amendments thereto and recommend them for approval by the Board;

- review risk management issues arising in the OFA, such as material non-compliance with policies, security breaches, losses, or claims against the OFA and direct staff to take appropriate actions to remedy any risk management issues reported or otherwise coming to the attention of the ARMC, including any internal control gaps or non-compliance with applicable legal, regulatory or policy requirements or applicable directives and monitor implementation of such remedial action;

- monitor implementation of written audit recommendations;

- when the OFA's staff review of OPG's ONFA Reference Plan ("OPG ONFA Reference Plan") occurs, co-ordinate providing the Board's comments to OFA staff, the Board or Board Chair, and report directly, or arrange for a report to be made, to the Board regarding the OPG ONFA Reference Plan, as and when the ARMC deems appropriate;

- review the OFA Internal Control Framework, and the ARMC will, as and when it deems appropriate:

    - review the internal control framework in place for financial reporting, information technology security and control, and monitoring compliance with laws, regulations, government policies and directives;

    - require that reports of Internal Auditors address internal controls including the potential for management to override controls or other inappropriate influences over the financial reporting process;

    - obtain confirmation from the Internal Auditors that Internal Audit's procedures and reports are governed by industry standards, such as the Institute of Internal Auditors' standards and review the Internal Auditors' performance annually;

    - review OFA management's efforts to create a culture of honesty and ethical behavior including the process for communicating codes of conduct to staff, and for monitoring compliance therewith;

    - consider the adequacy of the scope and content of reporting by staff and Internal Auditors;

    - ensure on an annual basis that the OFA has a comprehensive, up to date, Business Continuity Plan;

    - review Board designations of signing authority and any amendments thereto and recommend them for approval by the Board; and

- in conjunction with the OFA's annual business planning cycle, review the level of Committee and Board oversight for the identified material risks facing the OFA.

2. Financial Reporting

Objective: Obtain appropriate assurances from OFA management and staff that financial information reported in the financial statements, the annual report, and elsewhere, is timely and that it reasonably reflects the underlying financial condition, results of operations, plans and long-term commitments of the OFA.

The ARMC shall:

- ensure, through regular compliance reports from OFA staff, that the OFA complies with regulatory filing and disclosure requirements in respect of activities for the Province, the OFA and other crown agencies;

- obtain periodic reports from OFA staff regarding the processes for providing the Province's financial information to rating agencies and regulatory authorities;

- review the OFA's quarterly financial statements and its annual audited financial statements, including the appropriateness of the accounting policies used in the financial statements, and recommend their approval to the Board;

- review the statement of management's responsibility for financial reporting as signed by management; and

- review with OFA management the results of the audit of the OFA's financial statements by the Auditor General (including the Auditor General's opinion and any Management Letter), direct any remedial steps that may be required and monitor the implementation by OFA management of remedial steps and any other audit recommendations.

3. Audits

Objective: Obtain appropriate assurances that approved or required audits are undertaken and are carried out effectively, including audits carried out by the Internal Auditors pursuant to an approved annual Internal Audit plan, the annual audit of the OFA's financial statements conducted by the Auditor General as required by the *Capital Investment Plan Act*, and the annual audit of the Nuclear Funds conducted by the ONFA Auditors.

The ARMC shall:

- provide input to the Internal Auditors for the purpose of preparing an annual Internal Audit plan and recommend approval of the annual Internal Audit plan to the Board;

- review the Auditor General's audit plan concerning the annual audit of the OFA's financial statements, including any special audits;

- in conjunction with the OFA ONFA Investment Committee, review the ONFA Auditor's plan for the Nuclear Funds' audit, the ONFA Auditor's report and the audited ONFA financial statements, and report any concerns to the Board;

- review the ONFA disbursement reconciliation audit results and report any concerns to the Board;

- obtain confirmation that each of the Internal Audit and the Auditor General are provided with complete and timely information for the purpose of conducting their respective audits in relation to the OFA, including the OFA's activities for the Province;

- review reports of Internal Audits, the annual audit report to the OFA of the Auditor General including any special audits, all in relation to the activities of the OFA, including the OFA's activities for the Province;

- monitor implementation of recommendations made by Internal Audit;

- meet as it deems advisable with any one or more of:
    - the Director of Internal Audit,
    - the Auditor General or his/ her representative,
    - the CFRO

  to discuss any matter that the Committee, or any of the foregoing believes should be discussed;

- review the effectiveness of Internal Audit in relation to the OFA including the policies, resources and qualifications of Internal Audit, its timeliness and audit follow-up process and report to the Board regarding any concerns;

- review upon receipt each Internal Audit report in relation to the activities of the OFA, including activities of OFA staff on behalf of the Province, where a "result of evaluation" is coded "red", and direct appropriate action; and

- obtain confirmation from Internal Audit and the OFA, CEO and CFRO that each organization has met its responsibilities with respect to the other as

established in the Treasury Board/Management Board of Cabinet approved Internal Audit Directive, as amended from time to time.

PROCESS

- The Secretary of the OFA shall be the Secretary of the ARMC unless otherwise determined by the Board. In the absence of the Secretary at a meeting of the ARMC, the ARMC Chair may appoint a secretary for the meeting.

- The ARMC shall develop and implement a work plan on an annual or bi-annual basis.

- The ARMC will meet at least four times each year. Additional meetings may be convened at the request of the ARMC Chair or a majority of the ARMC. At least one meeting will be held in each quarter.

- The Auditor General and Internal Auditor may request a meeting of the ARMC.

- A simple majority of members shall constitute a quorum for the transaction of business, provided that the quorum shall not be less than three, and questions arising at any meeting will be decided by a majority of votes cast on the question. A member who does not vote on a matter will still be counted for quorum purposes.

- Any member of the Board shall be entitled to attend ARMC meetings.

- An ARMC Vice-Chair shall act in place of the ARMC Chair if the ARMC Chair is absent or unable to act. An ARMC Vice-Chair may act at the ARMC Chair's request if the ARMC Chair is present by teleconference or other electronic means. If each of the ARMC Chair and Vice-Chair(s) are absent, the ARMC members present may select a member to act as meeting chair.

- An agenda for each meeting will be prepared and provided to the members in advance of the meeting, along with appropriate material. The ARMC Chair will approve the agenda.

- A standing agenda item for each ARMC meeting will be an in-camera meeting of Independent ARMC members.

- Minutes of each ARMC meeting will be prepared and the chair of that meeting or, if that individual is unavailable, the chair of the ARMC meeting at which such minutes are approved, and the Secretary of the ARMC shall sign the minutes. The ARMC will approve minutes of ARMC meetings.

- The Auditor General or his/her representative and the Director of Internal Audit or his/her representative shall be invited to attend, in whole or in part, all ARMC meetings.

- The ARMC shall have the right to meet separately, in camera, at anytime with (i) the Chief Financial and Risk Officer, (ii) the Director of Internal Audit or his/her representative (iii) the Auditor General or his/her representative, and (iv) as a committee, to discuss any matters that any of them believes should be discussed privately.

- The ARMC shall report to the Board on its activities and any concerns of the Committee after each ARMC meeting and otherwise as it considers advisable.

- The Secretary shall send the ARMC Chair a copy of every Internal Audit report where a “result of evaluation” is coded “red” on receipt, and the ARMC Chair shall direct such action as he or she deems appropriate.

- The ARMC shall review and assess the adequacy of the Committee Charter at least annually, requesting Board approval for proposed changes.

- The ARMC shall confirm annually that all responsibilities outlined in this Charter have been carried out and evaluate the Committee’s performance.

ONTARIO FINANCING AUTHORITY

AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

Reviewed and Approved OFA ARMC	Approved OFA Board of Directors
August 29, 1997	*September 15, 1997*
November 25, 2002	*December 16, 2002*
June 19, 2006	*September 20, 2006*
March 28, 2008	*April 11, 2008*
February 19, 2009	*September 11, 2009*
February 11, 2011	*April 8, 2011*
September 16, 2011	*September 16, 2011*
April 23, 2012	*April 23, 2012*
February 8, 2013	*February 8, 2013*
February 7, 2014	February 7, 2014
May 5, 2015	June 12, 2015
February 19, 2016	February 19, 2016
June 17, 2016	June 17, 2016
[Draft June 16 ~~April~~ 2017]	

DEFINITION

The Audit and Risk Management Committee ("ARMC") is a standing committee of the Ontario Financing Authority ("OFA") Board of Directors ("Board").

PURPOSE OF ARMC

Among other things, the OFA Board is responsible for ensuring that the OFA is governed in an effective and efficient manner according to accepted business and financial practices, and ensuring that the OFA uses public funds with integrity and honesty, and only for the business of the OFA based on the principle of value for money, in compliance with applicable legislation and TB/MBC directives.

The Board may establish such Board committees or oversight mechanisms as may be required to advise the Board on effective management, governance or accountability procedures for the OFA.

The purpose of the ARMC is to assist the Board in fulfilling its above stated governance oversight responsibilities ~~with respect to ensuring that public money is used by the OFA prudently, with integrity, honesty, fairness and effective controllership~~. The ARMC carries out this role by providing governance oversight~~,~~ and advice to the Board, in the areas of:

- risk management;
- financial reporting; and
- audits

AUTHORITY

In discharging its oversight role, the ARMC may (i) investigate any matter within its area of responsibility with full access to all books, records, and personnel of the OFA, (ii) subject to prior approval by the Chair of the OFA, retain outside legal, accounting, or other experts and (iii) communicate directly, as appropriate, with the Ontario Internal Audit Division of the Treasury Board Secretariat ("Internal Audit" or ~~the~~ "Internal Auditors"), the Auditor General of Ontario (~~the~~ "Auditor General") and the Ontario~~al~~ Nuclear Funds Agreement ~~("ONFA")~~ ~~internal and~~ external auditors (~~the~~ "ONFA Auditors").

MEMBERSHIP

- The ARMC shall be composed of not less than four members of the Board. None of the members of the ARMC shall:

(a) be or have been in the past 12 months an employee of the OFA appointed under Part III of the *Public Service of Ontario Act, 2006* ("PSOA"); or

(b) have a spouse or financial dependent who is an employee of the OFA.

- The Board will appoint ARMC members, and approximately every two years, designate or re-designate from ARMC members an ARMC Cchair and may designate or re-designate from ARMC members one or more ARMC Vvice-Cchairs.

- Terms of appointment and reappointment to the ARMC shall not exceed three years. Committee Board members may be reappointed for subsequent terms of three years, subject to any Board term limits.

- Staggered terms should be encouraged.

- The ARMC Chair and theand the ARMC Vice-Chair(s) shall be Independent directors Directors of the OFA. For the purposes of this charter, in order for a director Director to be "Independent" he or she may not be an employee in the Ontario Public Service.

- At least one member shall have accounting expertise.

- At least one member shall have financial management expertise.

- At least one member shall have expertise in financial risk management expertise.

- At least one member shall have relevant Capital Markets expertise.

- All members should be able to read and understand the OFA's financial statements.

- Any member of the ARMC may resign by delivering a written resignation to the OFA, or be removed or replaced at any time by the Board. Each member of the ARMC shall cease to be a member of the Committee upon ceasing to be a member of the Board.

- Membership and succession planning for the ARMC shall be reviewed at least biennially by the Human Resources and Governance Committee of the Board.

RESPONSIBILITIES

The ARMC shall:

- cCarry out the tasks and duties listed below;.
- pPerform other activities as requested by the Board; and.
- iInstitute and oversee special investigations, as needed.

1. *Risk Management*

Objective: Obtain appropriate assurances from the OFA's Chief Executive Officer ("CEO") and Chief Financial and Risk Officer ("CFRO") that) that significant material risks are identified, measured and, to the extent where possible, mitigated, and that the OFA maintains an appropriate culture of compliance.

A. *IDENTIFY AND MEASURE RISKS*

The ARMC will:

- iIn conjunction with the OFA's annual business planning cycle, rReview at least annually the material risks facing each of the OFA divisions and the related mitigation strategies;.
- uUnderstand how financial material risks are created as a result of the OFA's activities for the Province, the OFA and other public bodies, and how these risks are monitored, controlled and reported;.
- rReview significant risk management developments affecting the OFA, such as use of new types of derivatives or securities, new regulatory requirements and changes in industry best practices;.
- rReview reports from OFA management concerning financial positions, exposures and results, including exposure levels of credit, foreign exchange and interest rate risk;.
- rReview the probability and impact of identified enterprise risks and obtain an opinion from the Ontario Internal Auditors Division of the Treasury Board Secretariat ("Ontario Internal Audit" or the "Internal Auditors") that the process used by the OFA to identify the such identified risks and mitigation strategies is are appropriate and reasonable, ; and that Internal Audit is not aware of any unreported risks; and.
- rReview plans and reports of the Ontario Internal Audit Division of the Treasury Board Secretariat ("Ontario the Internal Auditors") relating to the activities of the OFA, including activities of OFA staff on behalf of the Province.

~~***B. MEASURE RISKS***~~

~~The ARMC will:~~

- ~~Review reports from OFA management concerning exposure levels of credit, foreign exchange and interest rate risk~~
- ~~Review the probability and impact of risks as identified in the internal audit planning and reporting process.~~

BC. MITIGATE RISKS

The ARMC will:

- rReview regular and exception reports from management and legal counsel regarding: financial performance; losses or claims against the OFA; exposures; operational risks; and compliance matters, including quarterly IT reports, procurement reports and the annual procurement plan;

- rReview the OFA Treasury Program's risk management policies and any amendments thereto and recommend them for approval by the Board;

- rReview risk management issues arising in the OFA, such as material non-compliance with policies, security breaches, losses, or claims against the OFA and direct staff to take appropriate actions to remedy any risk management issues reported or otherwise coming to the attention of the ARMC, including any internal control gaps or non-compliance with applicable legal, regulatory or policy requirements or applicable directives and monitor implementation of such remedial action;

- mMonitor ~~implementation~~ implementation of written ~~of~~ audit recommendations; ~~through reviewing Ontario Internal Audit reports concerning status of implementation of Iinternal Aaudit recommendations.~~

- ~~Consider OFA staff's review of~~ OPG's ~~the Ontario Nuclear Funds Agreement~~ Reference Plan (~~the "ONFA Reference Plan")~~ OPG reference ~~plans and~~ wWhen the OFA's staff review of OPG's ONFA ~~Ontario Nuclear Funds Agreement~~ Reference Plan (~~the~~ "OPG ONFA Reference Plan") occurs, co-ordinate providing the Board's comments ~~provide input~~ to OFA staff, the Board or Board Chair, and report directly, or arrange for a report to be made, to the Board regarding the OPG ONFA Rreference Pplan, as and when the ARMC deems appropriate;

- rReview the OFA Internal Control Framework, and the ARMC will, as and when it deems appropriate:

- rReview the internal control framework in place for financial reporting, information technology security and control, and monitoring compliance with laws, regulations, government policies and directives;

- rRequire that reports of internal auditors address internal controls including the potential for management to override controls or other inappropriate influences over the financial reporting process;

- oObtain confirmation from the Internal Auditors that Ontario Internal Audit's procedures and reports are governed by industry standards, such as the Institute of Internal Auditors' standards and review the Internal Auditors' performance annually;

- rReview OFA management's efforts to create a culture of honesty and ethical behavior including Review the process for communicating the codes of conduct to staff, and for monitoring compliance therewith;

- cConsider the adequacy of the scope and content of reporting by staff and internal auditors;

- eEnsure on an annual basis that the OFA has a comprehensive, up to date, Business Continuity Plan;

- rReview Board designations of signing authority and any amendments thereto and recommend them for approval by the Board; and

- .

in conjunction with the OFA's annual business planning cycle, review the level of Committee and Board oversight for the identified material risks facing the OFA.

-

2. ***Financial Reporting***

Objective: Obtain appropriate assurances from OFA management and staff that financial information reported by management in the financial statements, the annual report, and elsewhere, is timely and that it reasonably reflects the underlying financial condition, results of operations, plans and long-term commitments of the OFA.

The ARMC shall:

- eEnsure, through regular compliance reports from OFA staff, that the OFA complies with regulatory filing and disclosure requirements in respect of activities for the Province, the OFA and other crown agencies;

- oObtain periodic reports from OFA staff regarding the Review processes for providing the Province's financial information to rating agencies and regulatory authorities;.

- rReview the OFA's quarterly financial statements and its annual audited financial statements, including the appropriateness of the accounting policies used in the financial statements, and recommend their approval to the Board;.

- rReview the statement of management's responsibility for financial reporting as signed by management; and.

- rReview with OFA management the results of the audit of the OFA's financial statements by the Auditor General (including the Auditor General's opinion and any Management Letter), direct any remedial steps that may be required and monitor the implementation by OFA management of remedial steps and any other audit recommendations.

3. Audits

Objective: Obtain appropriate assurances that approved or required audits are ~~that relevant internal and external audits are~~ undertaken and are carried out effectively, including audits carried out by the Internal Auditors pursuant to an approved annual Internal Audit plan, the annual audit of the OFA's financial statements conducted by the Auditor General as required by the *Capital Investment Plan Act*, and the annual audit of the Nuclear Funds conducted by the ONFA Auditors.

The ARMC shall:

- pProvide input to the Ontario Internal Auditors for the purpose of preparing an annual Internal Aaudit plan and recommend approval of the annual Internal Aaudit plan to the Board;.

- rReview the Auditor General's audit plan concerning the annual audit of the OFA's financial statements, including any special audits;.

- iIn conjunction with the OFA ONFA Investment Committee, review the ONFA external Aauditor's plan for the ONFA Nuclear Ffunds' audit, the ONFA external Aauditor's report and the audited ONFA financial statements, and report any concerns to the Board;.

- rReview the ONFA disbursement reconciliation audit results and report any concerns to the Board;.

- oObtain confirmation that each of the Ontario Internal Audit and the Auditor General are provided with complete and timely information for the purpose of conducting their respective audits in relation to the OFA, including the OFA's activities for the Province;.

- rReview reports of linternal Aaudits, the annual audit report to the OFA of the Auditor General including and any special audits, all in relation to the activities of the OFA, including the OFA's activities for the Province;.

- mMonitor implementation of recommendations made by Ontario Internal Audit;.

- mMeet as it deems advisable with any one or more of:
  - the Ddirector of Ontario Internal Audit,
  - the Auditor General or his/ her representative,
  - the CFROhief Financial and Risk Officer

  to discuss any matter that the Committee, or any of the foregoing believes should be discussed;.

- rReview the effectiveness of Ontario Internal Audit in relation to the OFA including the policies, resources and qualifications of Ontario Internal Audit, its timeliness and audit follow-up process and report to the Board regarding any concerns;.

- rReview upon receipt each Ontario Internal Audit report in relation to the activities of the OFA, including activities of OFA staff on behalf of the Province, where a "result of evaluation" is coded "red", and direct appropriate action; and.

- oObtain confirmation from Ontario Internal Audit and the OFA, CEO and CFRO [OIAD] of that each organization has met its responsibilities with respect to the other as established in the Treasury Board/Management Board of Cabinet approved Internal Audit Directive, as amended from time to time.

PROCESS

- The Secretary of the OFA shall be the Secretary of the ARMC unless otherwise determined by the Board. In the absence of the Secretary at a meeting of the ARMC, the ARMC Chair may appoint a secretary for the meeting.

- The ARMC shall develop and implement a work plan on an annual or bi-annual basis.

- The ARMC will meet at least four times each year. Additional meetings may be convened at the request of the ARMC Chair or a majority of the ARMC. At least one meeting will be held in each quarter.

- The Auditor General and ~~Ontario~~ Internal Auditor may request a meeting of the ARMC.

- A simple majority of members shall constitute a quorum for the transaction of business, provided that the quorum shall not be less than three, and questions arising at any meeting will be decided by a majority of votes cast on the question. A member who does not vote on a matter will still be counted for quorum purposes.

- Any member of the Board shall be entitled to attend ARMC meetings.

- An ARMC Vice-Chair shall act in place of the ARMC Chair if the ARMC Chair is absent or unable to act. An ARMC Vice-Chair may act at the ARMC Chair's request if the ARMC Chair is present by teleconference or other electronic means. If each of~~both~~ the ARMC Chair and Vice-Chair(s) are absent, the ARMC members present may select a member to act as meeting chair.

- An agenda for each meeting will be prepared and provided to the members in advance of the meeting, along with appropriate material. The ARMC Chair will approve the agenda.

- A standing agenda item for each ARMC meeting will be an in-camera meeting of Independent ARMC members.

- Minutes of each ARMC meeting will be prepared and the c~~c~~hair of that meeting or, if that individual is unavailable, the chair of the ARMC meeting at which such minutes are approved, and the Secretary of the ARMC shall sign the minutes. The ARMC will approve minutes of ARMC meetings.

- The Auditor General or his/her representative and the Director of ~~Ontario~~ Internal Audit or his/her representative shall be invited to attend, in whole or in part, all ~~quarterly~~ ARMC meetings.

- The ARMC shall have the right to meet separately, in camera, at anytime with (i) the Chief Financial and Risk Officer, (ii) the Director of ~~Ontario~~ Internal Audit or his/her representative~~,~~ (iii) the Auditor General or his/her representative, and (iv) as a committee, to discuss any matters that any of them believes should be discussed privately.

- The ARMC shall report to the Board on its activities and any concerns of the Committee after each ARMC meeting and otherwise as it considers advisable.

- The Secretary shall send the ARMC C~~c~~Chair a copy of every ~~Ontario~~ Internal Audit report where a "result of evaluation" is coded "red" on receipt, and the ARMC C~~c~~Chair shall direct such action as he or she deems appropriate.

- The ARMC shall review and assess the adequacy of the Committee Charter at least annually, requesting Board approval for proposed changes.

- The ARMC shall confirm annually that all responsibilities outlined in this Charter have been carried out and evaluate the Committee's performance.

ARMC ACTION ITEMS

Items		Responsible	Timing	Status
April 21, 2017 ARMC Meeting				
1.	Retable revised ARMC Charter	Sarah Neville	June, 2017	On the June ARMC agenda (Item #11)
2.	Confirm changes were made to the Audit & Consulting Plan to accommodate audit of Interest Rate Swaps every year	OIAD	June 2017	Done
3.	Raise at the Board the suggestion of a briefing on Fair Hydro Plan	ARMC Chair	April Board meeting	Discussed at the April 21, 2017 Board meeting and added to the June ARMC meeting agenda (Item #21)
4.	Confirm there is a summary of all differences between ISDAs	Sarah Neville	June Board meeting	To be confirmed by Sarah Neville at the June meeting
5.	Provide a presentation on controls surrounding treasury program wire payments	Ken Kandeepan	September 2017	In progress
6.	Table draft employee Code of Conduct (for personal financial transactions framework – see HRGC for other aspects of the Code)	Secretary	September 2017	In progress
February 10, 2017 ARMC Meeting				
7.	Table at HRGC employee satisfaction survey results	Sarah Neville	June 2017	On the June HRGC agenda

June 16, 2017

NOTE: There are no outstanding action items from prior meetings

ONTARIO FINANCING AUTHORITY
AUDIT & RISK MANAGEMENT COMMITTEE MEETING
ON JUNE 16, 2017

(Status as at May 31, 2017)

Reports from Finance Audit Service Team (Gordon Nowlan)

Item	Description	
1.	FAST Report Back Summary	
2.	2017-18 Audit and Consulting Plan Status	
	Reports To Be Tabled:	
	2.1	CEFD – Cost Recovery Fee on BPS & Other Loans [C/F 2016-17]
	2.2	FTD – Cost Recovery from OEFC [C/F 2016-17]
	2.3	FTD – Cost Recovery from OILC [C/F 2016-17]
	2.4	FTD – Controls in External Banking System (CIBC CMO Wire Payment) [C/F 2016-17]
	2.5	FTD – Follow-up of Audit Recommendations Between September 2010 and September 2016
	2.6	OFA-WIDE – FAST Support Re: 2016-17 Certificate of Assurance Process
	2.7	RCD – Review of Proposed Changes to the OFA Use of Derivatives & Other Financial Instruments Policy

Ontario Financing Authority
Audit & Risk Management Committee
FAST Report Back Summary
March 31, 2017

1. Status of Audit Support

- ✓ Seven engagement reports to be tabled –Six reports have been assigned a low risk rating & one unassigned due to nature of the engagement.
  - CEFD – Cost Recovery Fee on BPS & Other Loans (LOW)
  - FTD – Cost Recovery from OEFC (LOW)
  - FTD – Cost Recovery from OILC (LOW)
  - FTD – Controls in External Banking system (CIBC CMO Wire Payment (LOW)
  - FTD – Follow-up of Audit Recommendations Between September 2010 and September 2016 (LOW)
  - RCD – Review of Proposed Changes to the OFA Use of Derivatives & Other Financial Instruments Policy (LOW)
  - OFA - Wide – FAST Support Re: 2016-17 Certificate of Assurance Process (time charged to MOF COA Support)

- ✓ Four engagements are currently in progress
  - RCD – Captial Markets Performance Validation – Draft Report Stage
  - Review of Borrowing Program – Planning Stage
  - ONFA Disbursement Reconciliation Audit – Planning Stage
  - Debt & Derivatives Process Documentation - Ongoing

2. Results & Status of Key Audits/Reviews

- ✓ FTD – Controls in External Banking system (CIBC CMO Wire Payment (LOW)
  - Key Risk Exposure – Financial & Operational Risk
  - We conclude that:
    - There is proper segregation of duties for payment initiation, verification, approval and release; and
    - The internal controls built into the CIBC CMO Wire Payment process are generally adequate.
  - Improvement Opportunities: Develop processes and procedures level documentation including:
    - CIBC CMO Wire Payment processes and procedures;
    - Indentification of internal controls;
    - Testing controls and resolution of issues/effects identified, prior to implementation.

- ✓ RCD – Capital Markets Performance Validation
  - Key Audit Observations: Accountability and Financial Risk
  - We noted that significant year-end adjsutments ($63.8 million) are applied to Strategic Foreign Borrowing (SFB) performance measurement. These adjustments are related to gains/losses from FX hedging activities from prior years' issues. These adjustments had a large impact on the performance in fiscal 2016-17.

3. Update on the 2017/18 Audit and Consulting Plan

- ✓ Per ARMC request at the April 21st meeing, the Interest Rate Swap (IRS) audit is moved from fiscal 2019/20 to fiscal 2017/18;

- ✓ The segregated funds management engagement is deferred to fiscal 2018/19 to accommodate the above change. The funds are invested in money market and were last audited in fiscal 2013/14, with no significant issues noted.

Ontario Financing Authority
2017-18 Audit & Consulting Plan Status - As at May 31, 2017

Audits/Projects	Engagement Overview	Status	Days Per Audit Plan	Actual Days YTD	% of Days Used	% Complete	Revised Days	Comments
Carry Forward Projects								
OFA-WIDE - Audit Time to Finalize Prior Year Engagements	To finalize engagements not fully completed in the last fiscal. This will include issuing of audit reports and quality assurance reviews.	**Completed**	**15**	**15**	**100%**	**100%**	**15**	Completed all carry forward of 2016-17 engagements.
CEFD – Cost Recovery Fee on BPS & Other Loans	Review the cost recovery methodology and supporting documents to determine whether: • The actual cost recovery revenue and expenses to administer the program for the 2016-2017 fiscal year were in line with the budget set at the beginning of the previous year; and • The bps charge for fiscal 2017-2018 is reasonable, appropriate and properly evidenced with supporting documentation.	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued April 21, 2017. Time charged to the above project: OFA-WIDE - Audit Time to Finalize Prior Year Engagements.
FTD – Cost Recovery from OEFC	Review OFA's annual cost recovery from OEFC to ensure it is consistent with the terms in the MOU, particularly Section 4.1 (Reporting) and Section 7 (Cost Recovery and Payment).	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued April 11, 2017. Time charged to the above project: OFA-WIDE - Audit Time to Finalize Prior Year Engagements.
FTD – Cost Recovery from OILC	Review OFA's annual cost recovery from OILC to ensure it consistent with the terms of the SLA, particularly Section 3 (Services as described in Schedule 1-5) and Section 10 (Cost Recovery and Payment).	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued May 17, 2017. Time charged to the above project: OFA-WIDE - Audit Time to Finalize Prior Year Engagements.
FTD – Controls in External Banking System (CIBC CMO Wire Payment)	Assess the adequacy of internal controls built into the CIBC CMO Wire Payment process, and to assist management in identifying improvement opportunities to mitigate potential key risks, prior to implementation.	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued May 30, 2017. Time charged to the above project: OFA-WIDE - Audit Time to Finalize Prior Year Engagements.
New 2017-18 Operational Projects - By Division								
Corporate & Electricity Finance Division (CEFD)								
CEFD – Cost Recovery Fee on BPS & Other Loans	Review the cost recovery methodology and supporting documents to determine whether: • The actual cost recovery revenue as well as expenses to administer the program for current fiscal year were in line with budget set at the beginning of the previous year; and • The bps charge for the next fiscal year is reasonable, appropriate and properly evidenced by supporting documentation.	**Scheduled to Commence in Q4**	**20**	**0**	**0%**	**0%**	**20**	Scheduled to Commence in Q4.
Capital Markets Division (CMD)								
CMD – Borrowing Program	Review the Province's Borrowing Program to ensure that: • The borrowing plan provides measurable outcomes that are transparent and easily understood and aligned with corporate objectives; and • The results and performance are evaluated against the plan. The audit objectives may be modified depending on the specific element to be reviewed for each fiscal year.	**Planning Stage**	**30**	**5**	**16%**	**16%**	**30**	Planning stage.
CMD – Interest Rate Swaps	Review the adequacy and effectiveness of the control framework for Interest Rate Swap as well as determine whether the policies and procedures governing Interest Rate Swap transactions have been adhered to.	**Scheduled to Commence in Q4**	**30**	**0**	**0%**	**0%**	**30**	Scheduled to Commence in Q4.
CMD – Foreign Currency Swaps and Forwards	To review the adequacy of foreign exchange risk management framework and determine whether internal controls over FX derivative transactions and hedging activities are working effectively and internal policies/procedures have been adhered to.	**Scheduled to Commence in Q3**	**35**	**0**	**0%**	**0%**	**35**	Scheduled to Commence in Q3.
Finance & Treasury Division (FTD)								
FTD – Cost Recovery from OEFC/OILC	Review OFA's annual cost recovery to ensure that: • OFA's cost recovery process for OEFC is consistent with the MOU. • OFA's cost recovery process for OILC is consistent with the terms of the SLA.	**Scheduled to Commence in Q4**	**15**	**0**	**0%**	**0%**	**15**	Scheduled to Commence in Q4.
FTD – ONFA Reconciliation Audit & Support	• To provide a reasonable level of assurance to the Province that all disbursements from the Segregated Funds are in compliance with the ONFA documentation (i.e., ONFA and other relevant agreements such as Segregated Fund Custodial Agreement, nuclear legislation etc.) and the approved budget. • To provide advice and assistance as needed with regard to accountability, governance & control frameworks and best practices.	**Planning Stage**	**50**	**10**	**19%**	**19%**	**50**	Planning stage.

Ontario Financing Authority
2017-18 Audit & Consulting Plan Status - As at May 31, 2017

Audits/Projects	Engagement Overview	Status	Days Per Audit Plan	Actual Days YTD	% of Days Used	% Complete	Revised Days	Comments
FTD – Review of Debt & Derivatives Process Documentation	• To review the documentation of controls of debt and derivatives that the OFA will produce for accuracy and completeness • To act in an advisory role to the OFA that the documentation of controls meet all relevant internal audit standards.	**Scheduled to Commence Q1 - Q3**	**30**	**2**	**6%**	**6%**	**30**	Scheduled to Commence Q1 - Q3.
Risk Control Division (RCD)								
RDC – Capital Markets Performance Validation	Review the annual Capital Market Performance Results and determine if the summary results of the Borrowing and Money Marketprograms are properly compiled, supported and in accordance with the OFA's Board of Director's Resolution.	**Reporting Stage**	**45**	**40**	**88%**	**88%**	**45**	Reporting stage.
RCD – Leading Banking Pronouncements	Review is ongoing and updates are provided semi-annually to OFA management. Specifically the objective of the engagement is: • To monitor the pronouncements made by the leading banking supervisory organizations; • To notify OFA management of any relevant new notifications/pronouncements; and • To suggest that management review and assess whether any changes are needed to OFA policies/ practices/procedures.	**Ongoing**	**10**	**0**	**0%**	**0%**	**10**	Ongoing work, report semi-annually.
RCD – Policy {New & Revision} Review	• Determine whether the policy (new or revisions) is reasonable and in line with industry best practices; • Provide recommendations for improvement, if any.	**Ongoing**	**15**	**3**	**23%**	**23%**	**15**	Quarterly
RCD – Review of Proposed Changes to the OFA Use of Derivatives & Other Financial Instruments Policy	The objective of our review was to determine whether the proposed revisions to the Policy are reasonable and are consistent with industry best practices.	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued on June 2, 2017. Time charged to the project above: RCD – Policy {New & Revision} Review.
RCD – Review of Capital Market Performance Measurement Methodology	Review the proposed Individual Tenor Methodology and determine if the methodology is in accordance with performance measurement principles and accurately reflects the performance objectives of the Province's borrowing program.	**Scheduled to Commence in Q3**	**35**	**0**	**0%**	**0%**	**35**	Scheduled to Commence in Q3.
Strategic Corporate Services Division (SCSD)								
SCSD – IT General Controls (ITGC) Reviews	Assess the adequacy and effectiveness of IT general controls.	**Ongoing**	**30**	**0**	**0%**	**0%**	**30**	Ongoing work.
SCSD – Review of Offsite Work	To review the offsite work facility / capabilities including: • Are policies and procedures documented and enforced • Staff are aware of and follow policies and procedures • The technology solution meets the business needs • Identify any areas where staff may have difficulties or concerns • Identify any areas where management may have difficulties or concerns.	**Scheduled to Commence in Q3**	**10**	**0**	**0%**	**0%**	**10**	Scheduled to Commence in Q3.
SCSD – Information Management (IM) Review	Over the next two years, assess the adequacy of the OFA IM Plans including; • Data custodians / Data owners are identified • Data components are known and documented • Sensitivity of each data component is established • Records retention schedules detail the time period for maintaining the records and the timing of destruction.	**Scheduled to Commence in Q4**	**10**	**0**	**0%**	**0%**	**10**	Scheduled to Commence in Q4.
SCSD – OLMS Application Review	Review the Ontario Loan Management System (OLMS): • To conduct a full post-implementation review on the OLMS and evaluate that the internal application controls are functioning as intended. • To conduct a review to ensure that the business process and application controls are aligned and effective. • Review and evaluate the processes used for migrating data from the legacy application.	**Scheduled to Commence in Q2**	**40**	**0**	**0%**	**0%**	**40**	Scheduled to Commence in Q2.
OFA-Wide								
OFA-WIDE – FAST Support Re: 2016-17 Certificate of Assurance Process	The objective of our procedures was to identify any areas of concern relating to the OFA/OEFC COA assertions that could materially impact the 2016/17 Public Accounts.	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued on May 9, 2017. Time charged to MOF project: CQSD - COA Support for Financial Reporting & Validation.

Ontario Financing Authority
2017-18 Audit & Consulting Plan Status - As at May 31, 2017

Audits/Projects	Engagement Overview	Status	Days Per Audit Plan	Actual Days YTD	% of Days Used	% Complete	Revised Days	Comments
OFA-WIDE – AAD Risk Identification & Assessment	Review the annual Risk Identification & Assessment of the draft OFA Business Plan against the requirements of AAD risk assessment guidance to ensure: • Classifies the identified risks and potential threats that may have an impact on OFA's ability to meet its objectives; • Assesses the risks by considering the likelihood of occurrence and potential impact; • Provides a mitigation strategy to manage the risks; and • Monitors the risks.	**Scheduled to Commence in Q4**	**15**	**0**	**0%**	**0%**	**15**	Scheduled to Commence in Q4.
Follow-up Audits								
Follow-up of Previous Audit Recommendations	To follow up on the implementation status of the recommendations.	**Ongoing**	**20**	**2**	**10%**	**10%**	**20**	Ongoing work.
Follow-up of Audit Recommendations Between September 2010 and September 2016	To determine the current status of the outstanding audit recommendations for the period from September 2010 to September 2016 as at 31 December 2016.	**Completed**	**-**	**-**	**-**	**-**	**-**	Completed. Report issued on June 5, 2017. Time charged to the above project: Follow-up of Previous Audit Recommendations.
Ad Hoch/In-Year Requests								
In-Year Requests	To perform special engagements such as audits, reviews, consulting, investigations or other supporting activities at client's request.	**As Required & Ongoing**	**10**	**1**	**7%**	**7%**	**10**	As required.
Plan Management								
Audit & Consulting Plan Development and ARMC Support	Annual Audit Planning and Quarterly Audit Committee Support.	**Ongoing**	**35**	**10**	**29%**	**29%**	**35**	Ongoing work.
		Total	**500**	**87**	**17%**	**17%**	**500**	

CONFIDENTIAL

OFA Program Status, Exposures and Results

As at May 31, 2017

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A. Financing Activities & Term Selection - Province and OEFC 1

- Year to date as of May 31, 2017, 21% of $26.4 billion long-term borrowing had been completed. The above numbers reflect Table 6.24 of the 2017 Budget, and exclude $3.2 billion in pre-borrowing from 2016-17.

B. Interest on Debt 2

- The FY17-18 Interest on Debt (IOD) expense is projected at $11.6 billion as per 2017 Budget.

C. Debt Buybacks and Long-Term Debt Maturities 2

- There were no debt buyback transactions as of May 31, 2017.
- Long-Term Debt Maturities are shown on page 3.
  - Total maturities in FY17-18 are $15.4 billion and $2.1 billion for the Province and OEFC respectively. The highest combined monthly maturity value is $16.2 billion and is projected to occur in June 2045. In the tenors recently issued, the highest monthly maturity value pertains to the 5-year USD global bond maturing in May 2022. The amount issued was $2.7 billion (US$ 2.0 billion).

D. Foreign Exchange and Interest Rate Reset Exposure 4

- The Province's foreign exchange and interest rate exposures continue to be managed within policy limits.

E. Credit Risk 5

- Credit risk exposure continues to be managed within policy limits.
- The annual review of counterparty credit limits was conducted following the release of bank year-end results and remain unchanged from their 2016 levels.

F. Rating Changes 9

- There were seven rating downgrades over the period.

G. Borrowing and Money Market Performance 10

- As of May 31, 2017: the performances of Regular Borrowing was better than the target range; there was no Strategic Foreign Borrowing up to date in the current year. As of May 31, 2017, the Money Market Program out-performed its target range.

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H. Credit & IOD Stress Tests 11

- Credit Event stress testing results indicate that there were potential default losses in excess of $100 million.
- IOD stress testing results with regard to FY17-18 indicate that the combined effects of the extreme scenarios would cause breaches of the IOD loss limit.

I. Core FX Program 12

- Core FX issues had a loss of $39 million during the FY17-18, due to the depreciation of the Canadian Dollar versus the Euro, Japanese Yen and Swiss Franc. The cumulative savings from inception was a $18 million gain.

J. Foreign Debt Not Hedged to Full Maturity 13

- As of May 31, 2017, the FX exposure of debt not hedged to maturity was $27.6 billion, of which $0.8 billion is the exposure of unhedged debt issued under the Core FX Prrogram.

K. Liquid Reserves 15

- Unrestricted Liquid Reserves combining the Province and OEFC were $32.0 billion as at May 31, 2017.

A. Financing Activities & Term Selection - Province and OEFC

Borrowing Completed On Behalf of The Province and OEFC as of 31May2017

Long-term Borrowing[1]	(CAD Millions) Province	OEFC	Combined	Percent	Target LT Borrowing excl. CPP	Planned Borrowing for Fiscal Year [2]
Tenor:						
2 to 3.5 years	-	-	-	0%	0-36%	
3.5 to 5.5 years	-	-	-	0%	10-24%	
5.5 to 7.5 years	-	-	-	0%	0-17%	
7.5 to 10.5 years	61	-	61	1%	39-45%	
>10.5 years	1,856	-	1,856	34%	1-28%	
Total long-term Fixed-rate and Strategic Foreign Issues (excluding floating, RRBs, OSBs, core FX, CPP)	**1,917**	**-**	**1,917**			**19,791**
Floating rate borrowing (new issues to be rate set)	-	-	-			
Floating rate borrowing - Province (Core floating)	3,608	-	3,608	65%		5,000
Real Return Bond	-	-	-			-
Core FX	-	-	-			-
Floating rate borrowing - OEFC	-	-	-			-
OEFC Loans to OPG	-	-	-			1,550
OSBs	-	-	-	0%		100
Total long-term public (excluding CPP)	**5,525**	**-**	**5,525**	**21%**		**26,441**
Canada Pension Plan	-	-	-			-
Total long-term borrowing	**5,525**	**-**	**5,525**			**26,441**
Average Cost of Fixed-Rate Borrowing[3]	2.99%	NA	2.99%			
Average Tenor of Long-term Borrowing (years)[4]	13.6	NA	13.6			
Target range (years)[5]	6.5 to 14.7	NA	6.5 to 14.7			

[1] Excluding pre-borrowing of $3.2 billion in FY16-17 for FY17-18, given the direction to lock in hedging gains in order to mitigate potential IOD pressures in the fiscal year. The Borrowing Program for FY17-18 began on April 12, 2017 due to IOD hedging transactions.

[2] Per Budget Financing Table.

[3] Including Strategic Foreign Borrowing when available, but excluding pre-borrowing in FY16-17 for FY17-18.

[4] Excluding OSBs and CPPs.

[5] As per FY17-18 Financing, Debt & Electricity Management Plan.

B. Interest on Debt

(CAD Millions)

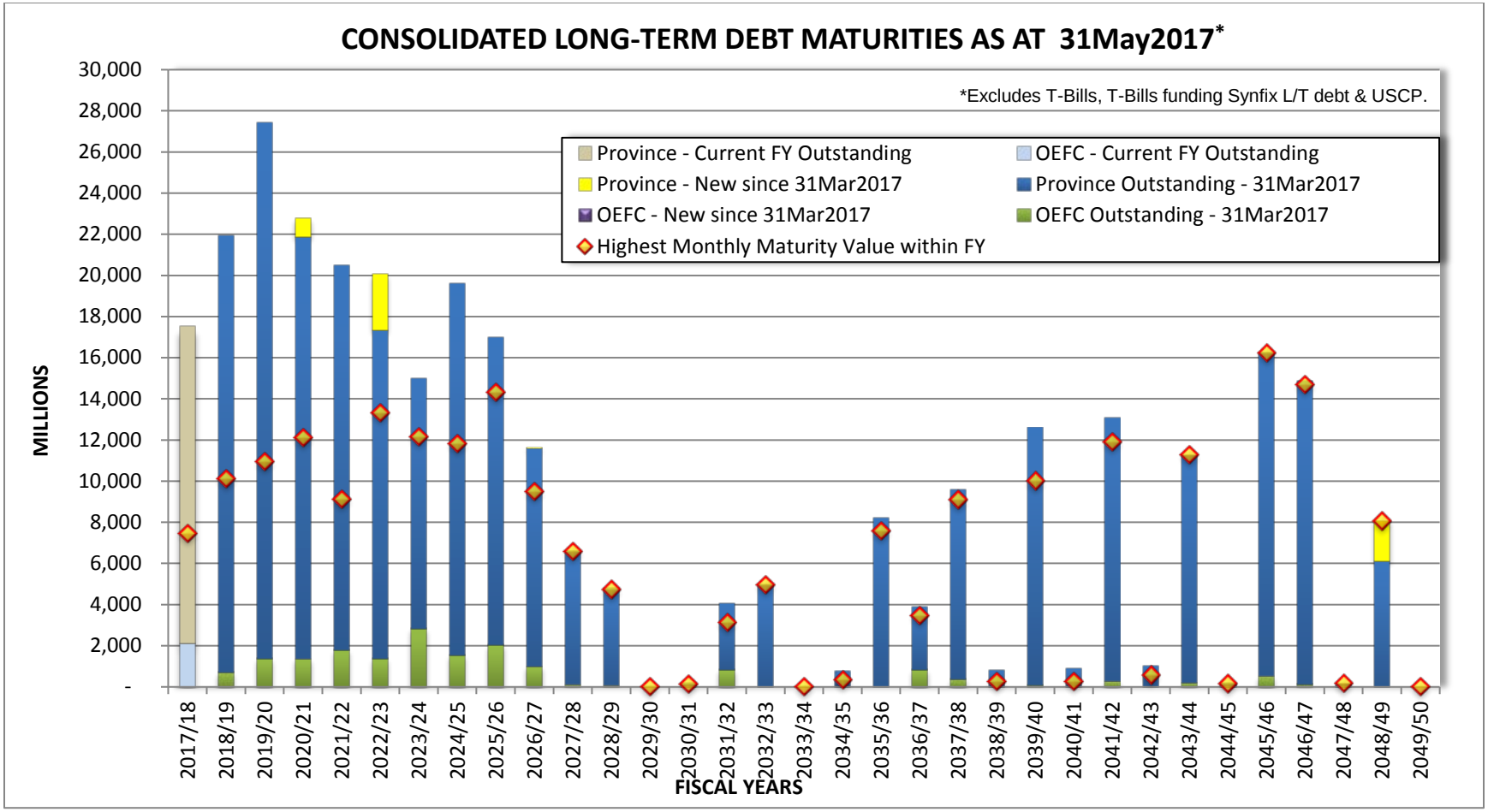
ITEM	Budget 2017-18	FY2017-18 Current 2017-18	Change from Budget 2017-18
Public debt interest expense	10,651	10,651	0
OEFC net interest expense	930	930	0
Interest on Debt	**11,581**	**11,581**	**0**

C. Debt Buybacks – Province (as of 31May2017)

	CAD Millions	
	Par Value	Market Value[1]
Existing debt bought back	0.0	0.0
New debt issued as replacement	0.0	0.0
Net debt issued under buybacks[2]	0.0	0.0
Profit/(Loss) on buybacks		0.0

1 Actual dollars received or paid for bonds.

2 Difference between the par values and market values respectively of the bonds bought back and the new bonds issued to finance the buybacks; the transactions (purchase and issue on each buyback situation) are done on a risk-neutral (DV01) basis.

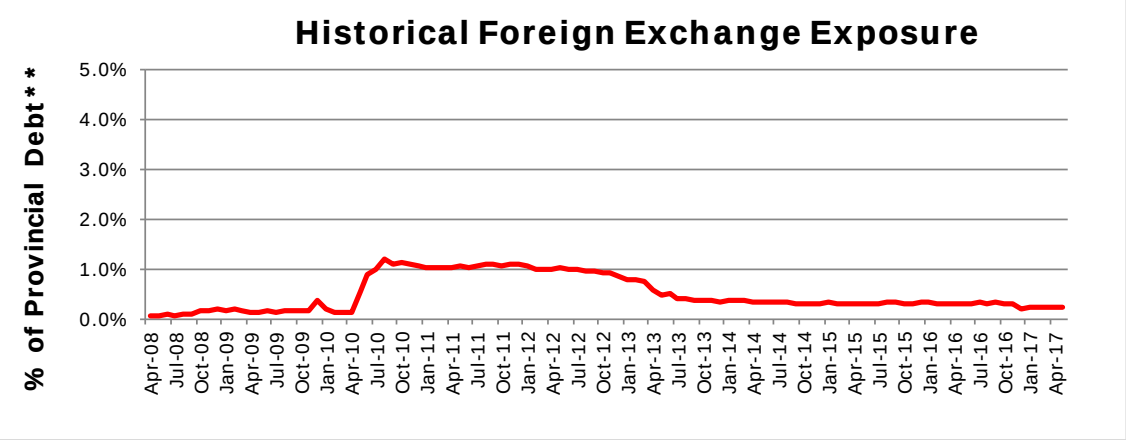


Total maturities in FY17-18 are $15.4 billion and $2.1 billion for the Province and OEFC respectively. The highest combined monthly maturity value is $16.2 billion and is projected to occur in June 2045. In the tenors that were recently issued, the highest monthly maturity value pertains to the 5-year USD global bond maturing in May 2022. The amount issued was $2.7 billion (US$ 2.0 billion).

D. Foreign Exchange and Interest Rate Reset Exposure

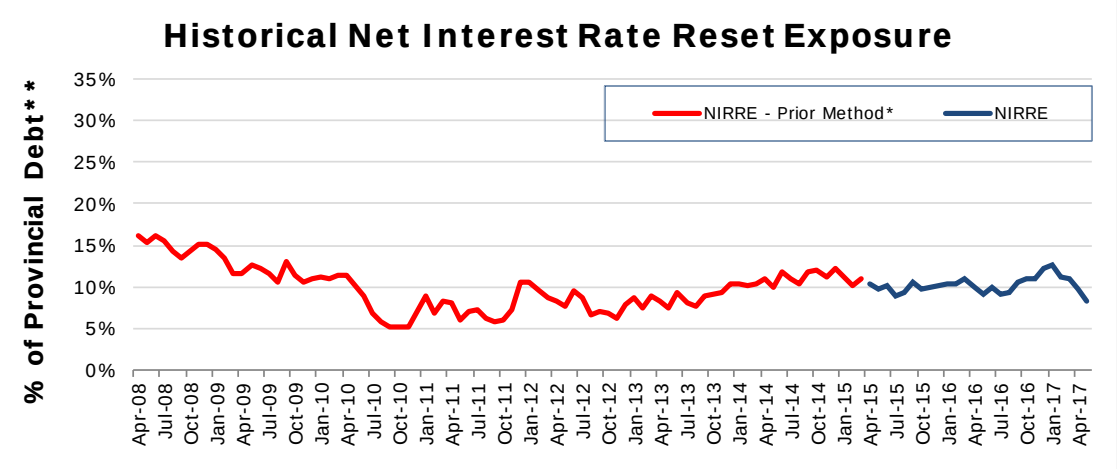
The OFA is in compliance with the foreign currency and interest rate reset exposure policies approved by the Board. No related exception reports were issued during the period between the "as of" dates of the last Board report and this report.

Foreign Exchange Exposure	31Mar2017 Interim	31May2017	Policy Limit
Percentage of provincial debt**	0.24%	0.25%	5% max
Exposure in CAD millions	771	802	
CAD/USD	1.3298	1.3509	
JPY/CAD	83.71	81.99	
CAD/CHF	1.3276	1.3948	



Gross Floating, Net Interest Rate Reset & Total Interest Rate Exposures

(net of liquid reserves)	31Mar2017 Interim	31May2017	Other Info
Gross Floating Exposure as a % of provincial debt**	13.4%	14.5%	12.4% year-end target; 10.4% to 14.4% year-end target range
Gross Floating Exposure in CAD millions	42,725	47,166	
NIRRE as a % of provincial debt**	11.1%	8.3%	35% max policy limit
NIRRE in CAD millions	35,633	26,974	
Total Interest Rate Exposure as a % of provincial debt**	14.9%	12.0%	
Total Interest Rate Exposure in CAD millions	47,482	38,989	



* Reporting methodology was revised commencing FY 2015-16.

** Provincial Debt refers to "Debt Issued for Provincial Purposes" as per OFA Market Risk Policy.

E. Credit Risk

Compliance (31Mar2017 – 31May2017)

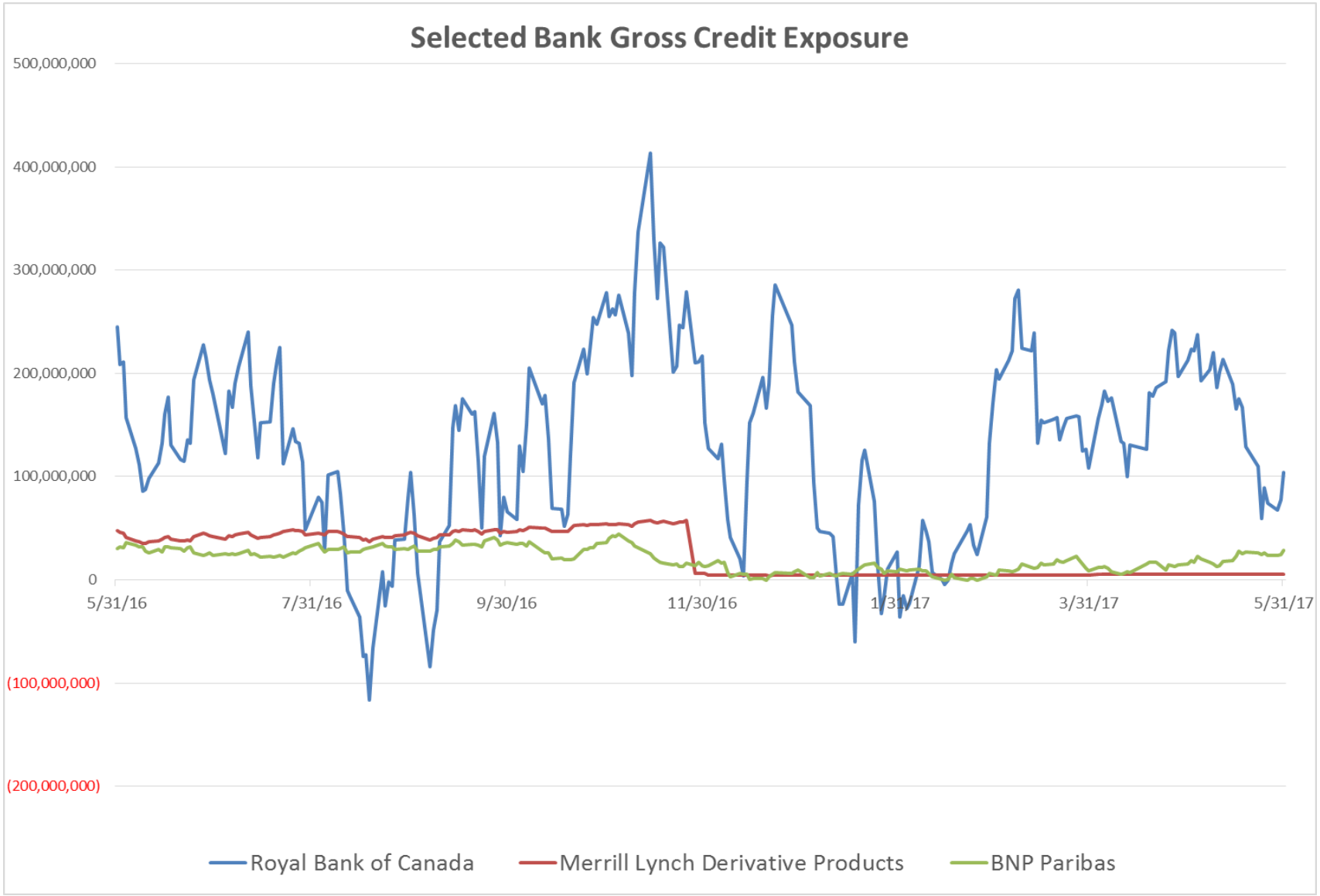
- No counterparty exceeded its credit exposure limit.
- No counterparty exceeded its trigger level.
- No counterparty exceeded the 15% concentration limit.

No new counterparties or issuers were approved.

Credit Exposure

Counterparty (Parent Company) (C$ millions)	Credit Support Annex	New Transactions Permited	Credit Exposure				Derivative Trades			Swap Roll-Offs (PV)		Credit Ratings		
			May 31, 2017			Change from Mar 31, 2017								
			Net Derivative Exposure	Bond, Money Market and Other Exposure	Total Exposure	Total Exposure	Total Number of Trades	Most Recent Trade	Last Maturing Trade	2017-18	2018-19	S&P	Moody's	DBRS
Schedule I Banks														
Bank of Montreal	Yes	Yes	73	0	73	73	210	18-May-2017	31-Mar-2048	322	108	A+	A1 (N)	AA (N)
Bank of Nova Scotia	Yes	Yes	42	1	43	43	111	19-May-2017	30-Jun-2043	379	73	A+	A1 (N)	AA (N)
Canadian Imperial Bank of Commerce	Yes	Yes	52	(0)	52	52	86	31-May-2017	8-Nov-2029	405	397	A+	A1 (N)	AA (N)
National Bank of Canada	Yes	Yes	9	0	10	10	31	18-May-2017	27-Apr-2026	0	(22)	A	A1 (N)	AA (low)(N)
Royal Bank of Canada	No*	Yes	103	1	104	(4)	83	30-May-2017	30-Sep-2039	1	14	AA- (N)	A1 (N)	AA (N)
The Toronto-Dominion Bank	Yes	Yes	(284)	2	2	2	168	23-May-2017	30-Jun-2044	81	37	AA-	Aa2 (N)	AA (N)
Total					**284**	**176**								
Schedule II & III Banks														
Merrill Lynch Derivative Products AG	No	No	5	0	5	1	1	25-Aug-2003	2-Jun-2018	0	5	AA	Aa3	N.R.
BNP Paribas	No	Yes	29	0	29	20	2	29-Sep-2009	7-Oct-2019	0	0	A	A1	AA (Low)
Credit Suisse International	Yes	Yes	29	0	29	9	6	5-Nov-2009	4-Dec-2019	0	52	A	A1	N.R.
HSBC Bank USA N.A.	Yes	Yes	1	0	1	1	3	9-Mar-2011	3-Dec-2019	57	(2)	AA-(N)	Aa2 (N)	A(High)
JPMorgan Chase Bank, N.A., London B	No	Yes	(134)	0	0	0	3	25-Nov-2009	3-Dec-2019	0	2	A+	Aa2	AA (low)
Total					**64**	**30**								
Unrated Repo Counterparties														
Casgrain & Company Limited	No	Yes	0	(1)	0	(0)	-	-	-	-	-	N.R.	N.R.	N.R.
Desjardins Securities Inc.	No	Yes	0	(0)	0	0	-	-	-	-	-	N.R.	N.R.	N.R.
Laurentian Bank Securities Inc.	No	Yes	0	(0)	0	0	-	-	-	-	-	N.R.	N.R.	N.R.
Total					**0**	**(0)**								
Total Exposure			**343**	**4**	**347**	**206**				**1,246**	**665**			

*The Province's CSA with RBC only covers one transaction - a Real Return Swap.
Note: Numbers may not add due to rounding.


Selected Bank Gross Credit Exposure
500,000,000
400,000,000
300,000,000
200,000,000
100,000,000
0
(100,000,000)
(200,000,000)
5/31/16
7/31/16
9/30/16
11/30/16
1/31/17
3/31/17
5/31/17
Royal Bank of Canada
Merrill Lynch Derivative Products
BNP Paribas

Counterparty Credit Limits

TCE Based Limits		2016	2017					
Counterparty	Rating Category	Current Limit	Tangible Common Equity (CAD)	Policy Rule	TCE Calculated Limit	Applicable Limit (After Cap)	Recommended Limit	Change
Schedule I Banks (capped at $2.5B)								
Bank of Montreal	A	1,270	29,905	8%	1,670	1,670	1,270	0
Bank of Nova Scotia	A	1,670	40,516	8%	2,260	2,260	1,670	0
Canadian Imperial Bank of Commerce	A	780	19,523	8%	1,090	1,090	780	0
National Bank of Canada	A	310	7,090	8%	390	390	310	0
Royal Bank of Canada	A	2,500	48,500	8%	2,710	2,500	2,500	0
Toronto-Dominion Bank	AA	2,500	48,863	8%	2,730	2,500	2,500	0
Schedule II and III Banks (capped at $1.1B)								
Bank of America Corporation*	A	330	225,697	1.5%	2,370	330	330	0
Bank of America N.A.*	A	330	197,683	1.5%	2,070	330	330	0
Barclays Bank PLC	A	880	84,115	1.5%	880	880	880	0
BNP Paribas	A	980	111,627	1.5%	1,170	1,100	980	0
Citigroup*	A	330	238,150	1.5%	2,500	330	330	0
Citibank N.A.*	A	330	171,177	1.5%	1,790	330	330	0
Credit Suisse Group	A	430	48,952	1.5%	510	510	430	0
Deutsche Bank AG	A	630	72,054	1.5%	750	750	630	0
HSBC Holdings plc	A	180	204,835	1.5%	380	380	180	0
HSBC Bank USA, N.A.	AA	180	25,877	1.5%	380	380	180	0
HSBC Bank of Canada	AA	40	4,120	1.5%	60	60	40	0
JPMorgan Chase & Co.	A	1,100	239,318	1.5%	2,510	1,100	1,100	0
JPMorgan Chase Bank, N.A.	A	1,100	236,412	1.5%	2,480	1,100	1,100	0
Societe Generale	A	570	63,816	1.5%	670	670	570	0
UBS AG	A	520	62,331	1.5%	650	650	520	0
Goldman Sachs Group**	A	0	95,203	1.5%	1,000	0	0	0
Morgan Stanley**	A	0	78,764	1.5%	820	0	0	0

*Since the 2008 Financial Crisis, the Bank of America and Citigroup have been subject to a CEO-approved credit limit of $330 million, which is lower than the Schedule II cap.
**Goldman Sachs and Morgan Stanley are currently assigned a zero credit limit, reflecting their inactive status.

F. Rating Changes

Rating Changes of Counterparties with Exposure

Counterparty	Date	Agency	Credit Action	From	To	Exposure 5/31/2017	Change in Exposure from 3/31/2017	Actions Required
Bank of Montreal	10-May-17	Moody's	Downgrade	Aa3(N)	A1(N)	**73**	**73**	None
Bank of Nova Scotia	10-May-17	Moody's	Downgrade	Aa3(N)	A1(N)	**43**	**43**	None
Canadian Imperial Bank of Commerce	10-May-17	Moody's	Downgrade	Aa3(N)	A1(N)	**52**	**52**	None
National Bank of Canada	10-May-17	Moody's	Downgrade	Aa3(N)	A1(N)	**10**	**10**	None
Royal Bank of Canada	10-May-17	Moody's	Downgrade	Aa3(N)	A1(N)	**104**	**-4**	None
The Toronto-Dominion Bank	10-May-17	Moody's	Downgrade	Aa1(N)	Aa2(N)	**2**	**2**	None

Rating Changes of Counterparties without Exposure

Counterparty	Date	Agency	Credit Action	From	To	Exposure 5/31/2017	Change in Exposure from 3/31/2017	Actions Required
Province of Alberta	26-May-17	S&P	Downgrade	AA(N)	A+	**0**	**0**	None

G. Borrowing and Money Market Performance

Programs	YEAR TO DATE PROGRESS

Borrowing

Performance Measurement against Benchmark (adjusted to even pace)

Percentile Rank as of 31May2017

	Actual	Target	All-In Cost compared to Weighted Average Median
Conventional Issues*	35%	45% - 55%	25.7 bps below Median
Strategic Foreign Borrowings	NA	50% - 75%	NA

*Excludes pre-borrowing of $3.2 billion in FY16/17 for FY17/18, given the direction to lock in hedging gains in order to mitigate potential IOD pressures in the fiscal year. The Borrowing Program for FY2017-18 began on April 12, 2017 due to IOD hedging transactions.

Money Market

As of 31May2017, the actual return of riskless instruments was 0.63%, out-performing the benchmark by 7 basis points for a $3.1 million positive performance, and out-performing the target range of plus or minus 2 basis points. Riskless instruments are those issued by the Governments of Canada and Ontario and entities fully guaranteed by the Government of Canada, repos of the foregoing instruments, and swaps with CSA counterparties; instruments denominated in foreign currency must be perfectly hedged back to CAD using derivatives with CSA counterparties. The actual return of excluded instruments was 0.35%.

H. Credit and IOD Stress Tests

Stress testing is a complementary approach to Value at Risk (VaR) analysis. It allows Risk Control Division to evaluate the impact of extreme movements in markets, consumer prices and credit quality on the OFA's credit exposures and IOD.

Stress testing results are produced and presented at the monthly Borrowing Strategy Committee (BSC) meeting. The Stress Testing results are also reported to the Risk Management Committee (RMC) for discussion if a stressed scenario generates potential losses in excess of $100 million.

For the period from 31Mar2017 to 31May2017:

- The Credit Event Stress Testing revealed that the Province would have experienced a default loss to Royal Bank of Canada exceeding $100 million relating to exposures in non-money market positions.

- IOD stress testing examines the impact on projected IOD of a 125 basis point increase in interest rates, a jump in inflation, a 20% decline in the value of the Canadian dollar, default of a counterparty, and additional borrowing for the reserve. As reported in monthly BSC reports, the combined effects of these extreme scenarios would cause breaches of the IOD loss limit in FY17-18.

I. Core FX Program

(Millions)	In Original Currency	Outstanding Exposure	Outstanding In CAD Equivalent	Cumulative (Costs)/Savings from Inception in CAD	FY 2017/2018 (Costs)/Savings in CAD (31May2017)
		DEBT (Notional)			
Core Foreign Exchange Issues[1]					
Swiss Franc Issues	CHF 450	CHF 400	558	(159)	(27)
Euro Issue	€ 600	€ 0	0	111	(8)
Yen Issues	¥132,600	¥19,900	243	66	(4)
Total (CAD Millions):			801	18	(39)

[1] Calculation is based on differences between the cost of the hypothetical bond and the issued bond.

- The losses on the CHF bond issues ($27 million relative to 31Mar2017) reflects the depreciation of the CAD from 1.3510 CAD/CHF (31Mar2017) to 1.3948 CAD/CHF (31May2017).

- The losses on the EURO bond issue ($8 million relative to 31Mar2017) reflects the depreciation of the CAD from 1.4775 CAD/EURO (31Mar2017) to 1.5175 CAD/EURO (31May2017).

- The losses on the JPY bond issues ($4 million relative to 31Mar2017) reflects the depreciation of the CAD from 86.7350 JPY/CAD (31Mar2016) to 81.9854 JPY/CAD (31May2017).

- All of the above resulted in a loss of $39 million in the overall year-to-date performance to 31May2017.

J. Foreign Debt Not Hedged to Full Maturity

UNHEDGED FOREIGN DEBT

As at 31May2017

Series	Total Debt Notional	Debt Maturity	Mismatched Basis Swap/FX Roll				Comments
			Type	Maturity	Face	CAD Equivalent	
PROVINCE							
EMTN101	CHF 400,000,000	07May2020				557,914,300	Unhedged exposure CHF 400M (CORE)
EMTN105+	JPY 36,900,000,000	08Jun2020	Underhedge		JPY 19,900,000,000	242,726,095	Unhedged exposure JPY 19.9B (CORE)
Sub Total - Unhedged						800,640,395	

FOREIGN DEBT NOT HEDGED TO CAD TO FULL MATURITY

As at 31May2017

Series	Total Debt Notional	Debt Maturity	Mismatched Basis Swap/FX Roll				Comments
			Type	Maturity	Face	CAD Equivalent	
PROVINCE							
EMTN100	EUR 600,000,000	03Dec2019	FX Roll	05Jun2017	EUR 500,000,000	706,975,705	EUR 100M hedged to maturity. EUR/USD and corresponding USD/CAD hedge on EUR 500M mature earlier than the debt.*
EMTN110	EUR 1,750,000,000	21May2024	FX Roll	21Aug2017	USD 1,701,000,000	2,306,564,500	The USD/CAD hedge on USD 1.7B matures earlier than the debt. *
EMTN111	EUR 1,250,000,000	21Jan2025	FX Roll	21Jul2017	USD 1,478,750,000	1,992,011,250	The USD/CAD hedge on USD 1.48B matures earlier than the debt. *
EMTN97,97A	EUR 1,500,000,000	23Apr2019	FX Roll	24Jul2017	USD 251,950,000	340,000,226	The USD/CAD hedge on USD 251.95M matures earlier than the debt.*
EMTN105+	JPY 36,900,000,000	08Jun2020	FX Roll	08Jun2017	JPY 17,000,000,000	200,821,238	JPY/USD and corresponding USD/CAD hedge on JPY 17B matures earlier than the debt. *
Global - 59	USD 1,250,000,000	27Sep2019	FX Roll	27Jun2017	USD 1,250,000,000	1,669,305,000	The USD/CAD hedge on USD 1.25B matures earlier than the debt. *
Global - 60	USD 1,500,000,000	25Oct2017	FX Roll	25Jul2017	USD 1,000,000,000	1,345,220,000	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 63	USD 1,750,000,000	27Sep2018	FX Roll	27Jun2017	USD 1,000,000,000	1,335,750,000	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 65	USD 1,000,000,000	30Jan2019	FX Roll	31Jul2017	USD 1,000,000,000	1,358,063,250	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 65a	USD 1,000,000,000	30Jan2019	FX Roll	31Jul2017	USD 1,000,000,000	1,358,063,250	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *

Foreign Debt Not Hedged to Full Maturity (Cont.)

Series	Total Debt Notional	Debt Maturity	Mismatched Basis Swap/FX Roll				Comments
			Type	Maturity	Face	CAD Equivalent	
PROVINCE							
Global - 67	USD 1,000,000,000	10Sep2021	FX Roll	12Jun2017	USD 1,000,000,000	1,343,697,500	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 67a	USD 1,000,000,000	10Sep2021	FX Roll	12Jun2017	USD 1,000,000,000	1,343,697,500	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 70	USD 2,000,000,000	21May2020	FX Roll	21Aug2017	USD 1,100,000,000	1,493,875,000	The USD/CAD hedge on USD 1.1B matures earlier than the debt. *
Global - 71	USD 2,500,000,000	18Jan2019	FX Roll	18Jul2017	USD 1,500,000,000	1,991,050,500	The USD/CAD hedge on USD 1.5B matures earlier than the debt. *
Global - 73	USD 1,750,000,000	17Jun2019	FX Roll	19Jun2017	USD 1,750,000,000	2,359,849,000	The USD/CAD hedge on USD 1.75B matures earlier than the debt. *
Global - 74	USD 1,500,000,000	28Feb2022	FX Roll	08Aug2017	USD 1,000,000,000	1,374,361,250	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 74a	USD 1,000,000,000	28Feb2022	FX Roll	08Aug2017	USD 1,000,000,000	1,374,361,250	The USD/CAD hedge on USD 1.0B matures earlier than the debt. *
Global - 76	USD 2,000,000,000	18May2022	FX Roll	18Aug2017	USD 2,000,000,000	2,721,176,000	The USD/CAD hedge on USD 2.0B matures earlier than the debt. *
Sub Total - Province						26,614,842,419	
OEFC							
OEFC80	CHF 125,000,000	30Jul2018	FX Roll	31Jul2017	CHF 125,000,000	171,036,105	The CHF/USD hedge on CHF 125M matures earlier than the debt.*
					USD 13,629,490	18,411,397	The USD/CAD hedge on USD 13.60M matures earlier than the debt.*
					USD 7,765,346	10,489,818	USD7.76M was unhedged.
Sub Total - OEFC						199,937,320	
Total						27,615,420,134	

* Capital Markets has indicated its intent to transact a replacement hedge at maturity of the existing hedge.

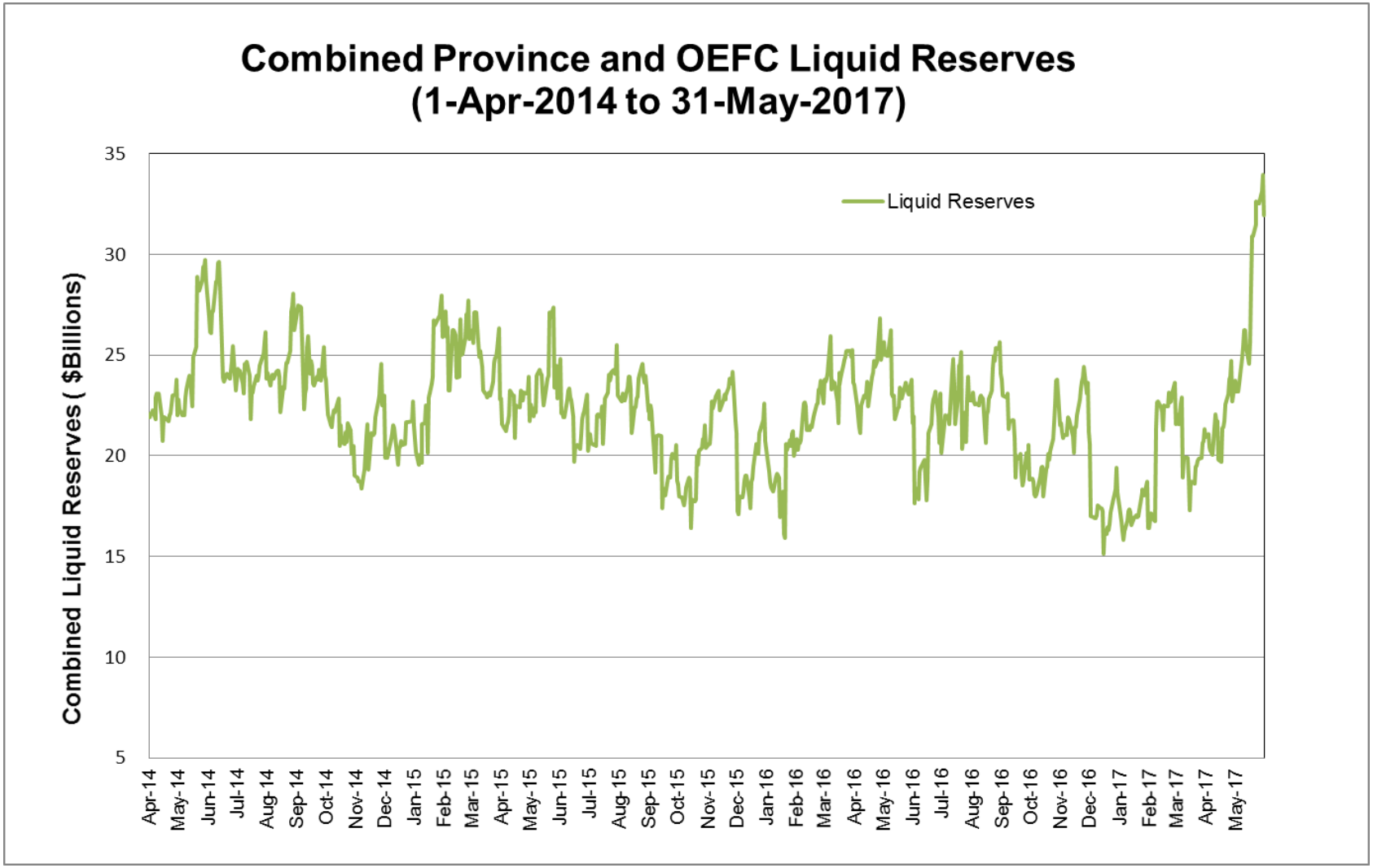
+ EMTN105: Unhedged exposure 19.9B (CORE) and FX roll on JPY/USD and corresponding USD/CAD hedge on JPY 17B matures earlier than the debt.

Green shaded cells, if any, indicate a new item to the table – either as a result of a new debt issue or due to a change in the hedging instruments utilized.

Foreign debt (or currency exposure) reported in the previous board report has since been fully hedged to maturity, or has matured

Series	Total Debt Notional	Debt Maturity	Previous Exposure	CAD Equivalent (Previously reported)
	N/A			

K. Liquid Reserves



SCSD Project Risks and Delays as of June 2017

Presented to the Audit and Risk Management Committee of the OFA Board of Directors

Project Risk or Delay	Description	Risk Priority	Mitigation Strategy	Completion Date
Security Information and Event Management (SIEM)	As the OFA's security protection landscape continues to grow, more information is being provided from protective and detective devices. The volume of information is too large to integrate manually. SIEM is an essential tool to monitor and correlate information from multiple sources, and provides automatic incident response. The OFA's existing SIEM solution does not facilitate automatic incident response, and is thus at risk because incidents could take place without manual staff intervention. The current SIEM solution is also at the end of its product support.	Medium	The OFA will procure an updated SIEM. This product will gather information from existing security devices including firewalls, network access control and intrusion prevention, as well as feed *additional information from device to device to facilitate automated incident response.* *The procurement has been moved to Q3 FY16/17 and implementation will be completed by Q1 FY 2017/2018.* The approximate procurement value for an enterprise SIEM solution is 315k. An overall security strategy and 3 year roadmap has been developed to ensure consistency in our architecture.	The SIEM project is a multi-year, multi-phase project. **Update: June 12, 2017** Established an updated technical roadmap that identifies new requirements and functionality for the evolving security landscape. We are still targeting a Proof of Concept of viable SIEM solutions in Q4 of FY17/18.

eDiscovery	As the government continues to be subject to closer scrutiny, and courts are becoming more willing to order the collection of electronic records with shorter timelines, the need for a complete, comprehensive and defensible eDiscovery solution and process continues to grow. The OFA currently uses a collection of separate tools and manual processes to accomplish eDiscovery related tasks, resulting in increased time and effort, and the risk of inadvertent omissions.	Medium	The OFA wanted to implement a Commvault eDiscovery solution but was unsuccessful due to compatibility issues with the OFA's existing IT infrastructure. The OFA accordingly decided to abandon the Commvault solution and perform a more detailed investigation of the current leaders in the market, and conduct an onsite proof-of-concept before actual procurement, to ensure the new solution meets our needs. The approximate procurement value of an eDiscovery solution is $125k. Following my previous recommendation that the OFA first develop an Information Management Strategy for compliance, SCSD and Legal Branch have collectively prioritized defining practices, processes and accountabilities throughout the eDiscovery request process. Crown Law Office Civil (CLOC) from the Ministry of Attorney General (MAG) have hired Gartner to conduct a market scan for a solution based on similar requirements, and we have an agreement to leverage their results to inform our procurement next steps.	**Update: June 12, 2017** Revised requirements for capability and technical integration specific to the OFA, for what an eDiscovery solution should encompass, have been assembled and is to be reviewed prior to evaluating solutions in the vendor community. Targeting a PoC for a solution in Q3 17/18.

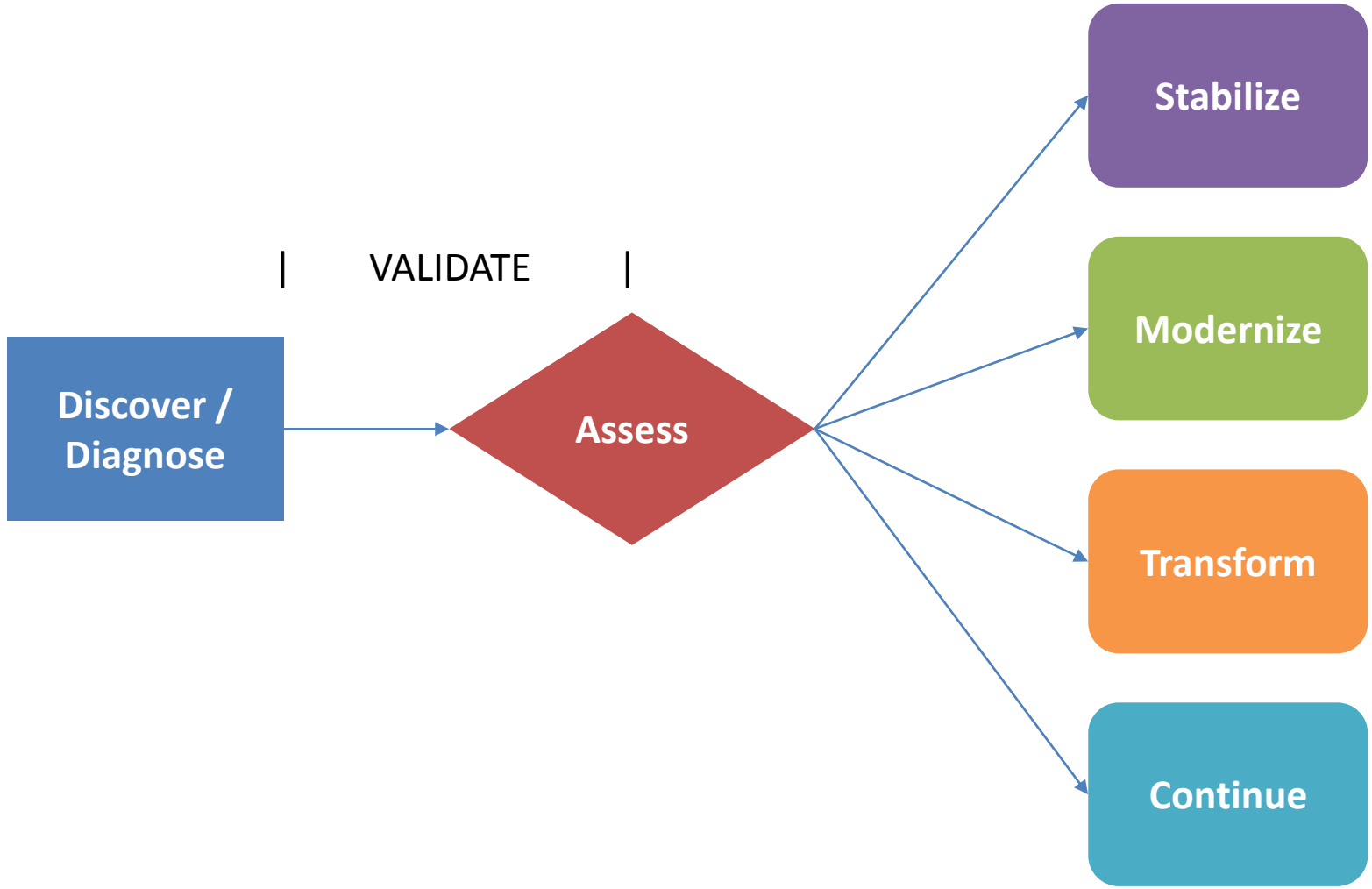
Collocate Facility Move	In December 2016, SCSD ran a competitive procurement for collocate services resulting in a contract being awarded to a new vendor in March 2017. This situation has put tremendous pressure on SCSD to accommodate a move from one facility to another by July 31, 2017.	Medium	The OFA will utilized a relocation service provided by the new vendor. Planning and scheduling during the months of April and May. The move is schedule for early-to-mid June, to allow for a 1.5 month contingency gap.	**Update: June 12, 2017** On June 9th – 11th, SCSD successfully transitioned all infrastructure and services to the new Collocate Facility.

SCSD 16/17 Year End Review

Presentation to the ARMC

Friday, June 16th, 2017

Divisional Transformation



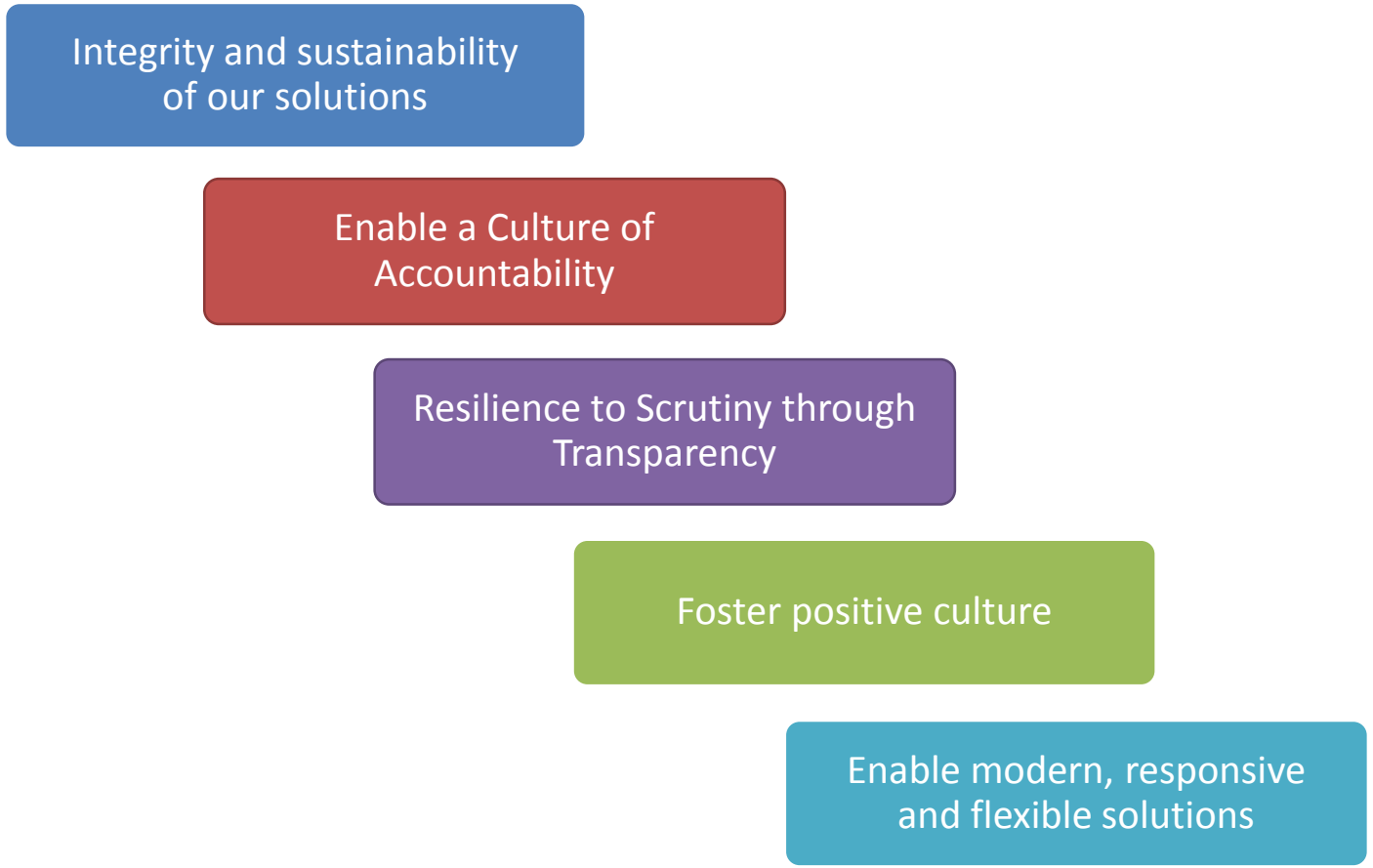
- Burning Fires
- Pain Points
- Vulnerabilities

- Processes
- Technologies
- Skills

- Realigned Functions
- Capabilities
- Culture & Values

- Replicate
- Broaden
- Measure

Major Strategic Plan Goals (2016-2018)



Overall Summary of 16/17

- Intentionally focused on multiple areas for improvement.
- Restructured the Division to better align with our Service Catalogue.
- Implemented increased accountabilities and focused on improving our management and communication skills.
- The Division focused on aligning efforts to achieve our Strategic Plan, and this became a unifying lens for all efforts.
- Focused on increasing tangible business outcomes.
- Integrated Security into all business and technical efforts.

By The Numbers (SCSD April – March 2017)

Success lies in *measurable* *results*

IT Service Desk Tickets

2584 Incidents Received

2553 Incidents resolved

SharePoint Growth

16%

Filling the Gap

→ 24

10 of FFS staff and 14 summer students complimenting our team

Major Service Interruptions

0

Total HR Activities

219

Non IT Service Tickets

502 Incidents Received

502 Incidents resolved

Storage Growth

-30%

Email Growth

19%

File System Growth

E-Mail Statistics

1.34m Number of legitimate email messages traversing OFA infrastructure.

7.56m Number of malicious emails and blocked threats.

Volume of IT procurements

25

(from June – March 2017)

Development Tickets

301 Test Track Items Entered

204 Test Track Items Completed

Business Plan Priorities

82 Projects Registered

61 Projects Completed

Dev Project Statistics

- 36 committed projects
- 26 projects complete
- 8 projects in test
- 2 projects in progress

Architecture Statistics

- 40 Individual Projects Submitted
- 40 Conceptual Reviews Completed
- 10 Logical / Physical Reviews

Infrastructure Security

9,581,781

Number of blocked threats

Key SCSD Initiatives in 16/17

Initiative	Status
Procurement Streamlining (Reduction of Time, Effort and Risk)	50% Complete
Architecture Reviews (Business, Information, Systems)	100% Complete
Divisional Risk Management (Culture of Accountability)	25% Complete
Project Management Retooling (Solutions Delivery)	75% Complete
Application Portfolio Assessment (Solutions Contraction)	100% Complete
Development Standards (Solutions Defect Management)	100% Complete
OFA Loans Management Systems (PBFS Replacement)	100% Complete
Human Capital Planning (Attraction, Retention, Development, Succession)	50% Complete
Process Improvement & Optimization (Realignment of Functions)	50% Complete
Operational Planning (Project & Budget Planning per FY)	50% Complete
16/17 Operation Plan Delivery (82 Identified Engagements)	76% Delivered

Major Accomplishments

- Revamped intake, scoping, planning, managing and prioritization model
- Achieved our target of completing 80% of projects on time
- Successfully launched an Innovation programme in SCSD
- Begun meaningful work to achieve a ‘Culture of Accountability’ through focused attention on Risk Management and Project Management
- Implementing systems of accountability by documenting and clearly defining roles and responsibilities (Completed 50% of the Functional Review)
- Completed first iteration of the Human Capital Plan
- Significantly moved the Procurement practice of the OFA forward by updating processes and tools, and created a dedicated Procurement Office
- Identified 30 KPI’s: Successfully met 23.

Major Challenges in 17/18

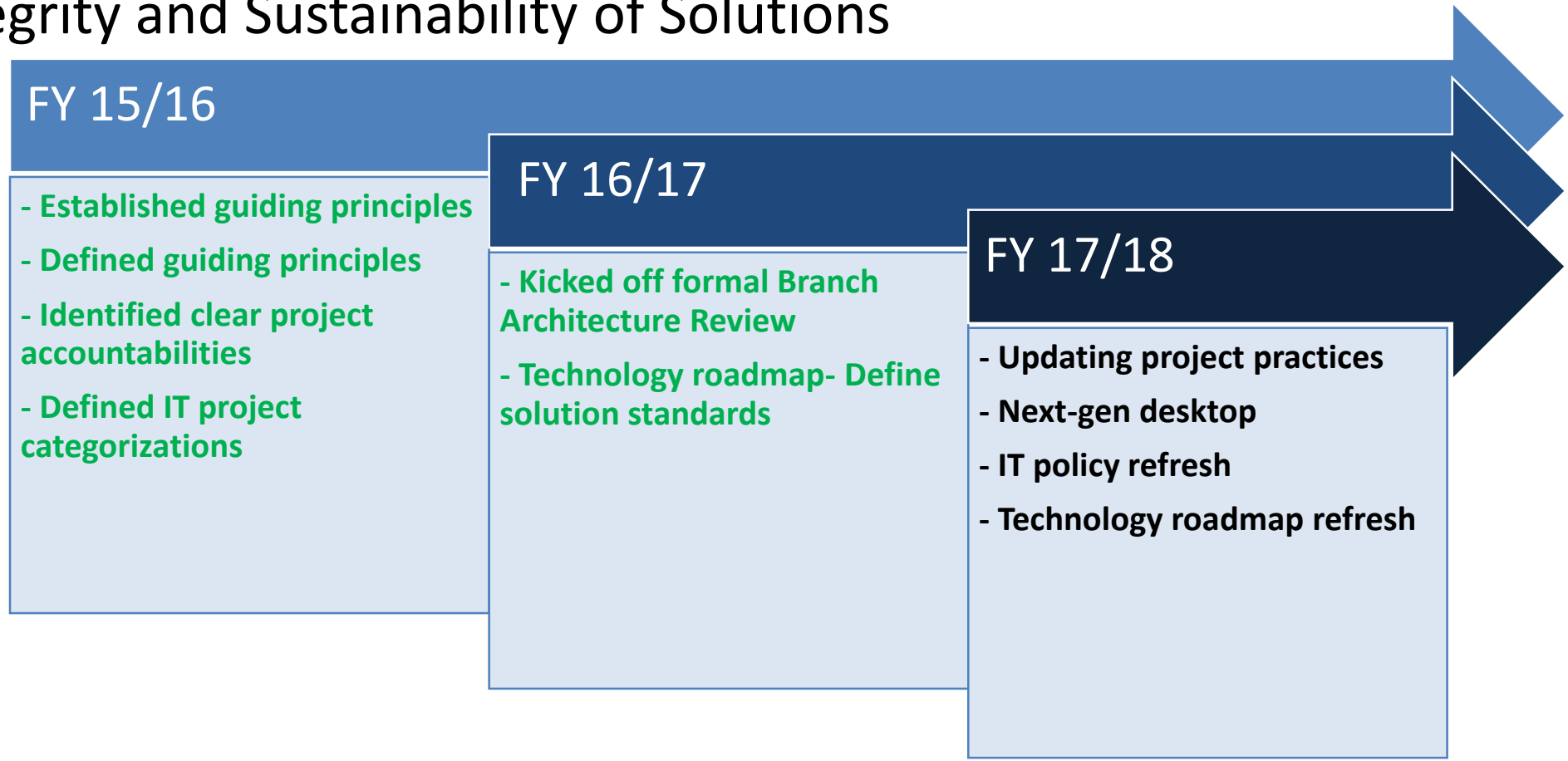
- Evolving OPS Procurement process will influence and affect us.
- Project Management expertise and capability is still developing.
- The Security landscape is becoming increasingly complex.
- Outcome of the MJEP Programme.
- Continued dependency on contracted services (people).
- Change Management of the Division

Key SCSD Initiatives in 17/18

Initiative	Branch
Procurement Streamlining (Reduction of Time, Effort and Risk)	SCSD (BSB), Legal (Continuation)
Mobile Devices Refresh (iPhone 7)	SCSD (BSB)
Divisional Risk Management (Culture of Accountability)	SCSD (Strat Office), Legal (Continuation)
Project Management Retooling (Solutions Delivery)	SCSD (PMO) (Continuation)
Quality Assurance Practice (Solutions Defect Management)	SCSD (Dev)
Human Capital Planning (Attraction, Retention, Succession)	SCSD (BSB) (Continuation)
Process Improvement & Optimization (Realignment of Functions)	SCSD (Strat) (Continuation)
Dashboards & Reporting	SCSD (Strat)
IT Policy Refresh	SCSD (BSB)
Information Management Strategy	SCSD (Arch)
Service Desk Consolidation	SCSD (Oper)
Data Centre Co-Locate Site Move	SCSD (Oper)

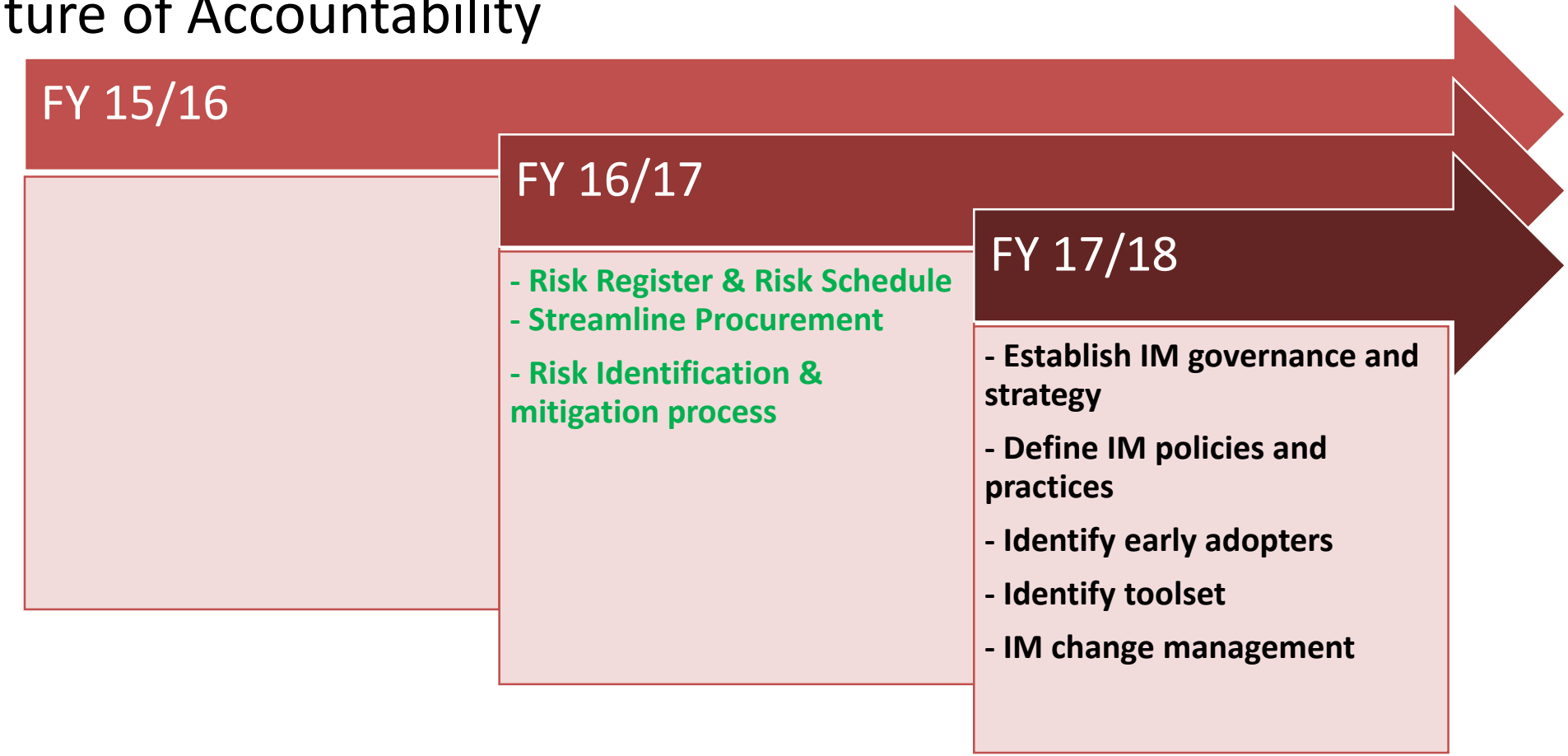
Strategic Plan: Year End Review

Integrity and Sustainability of Solutions



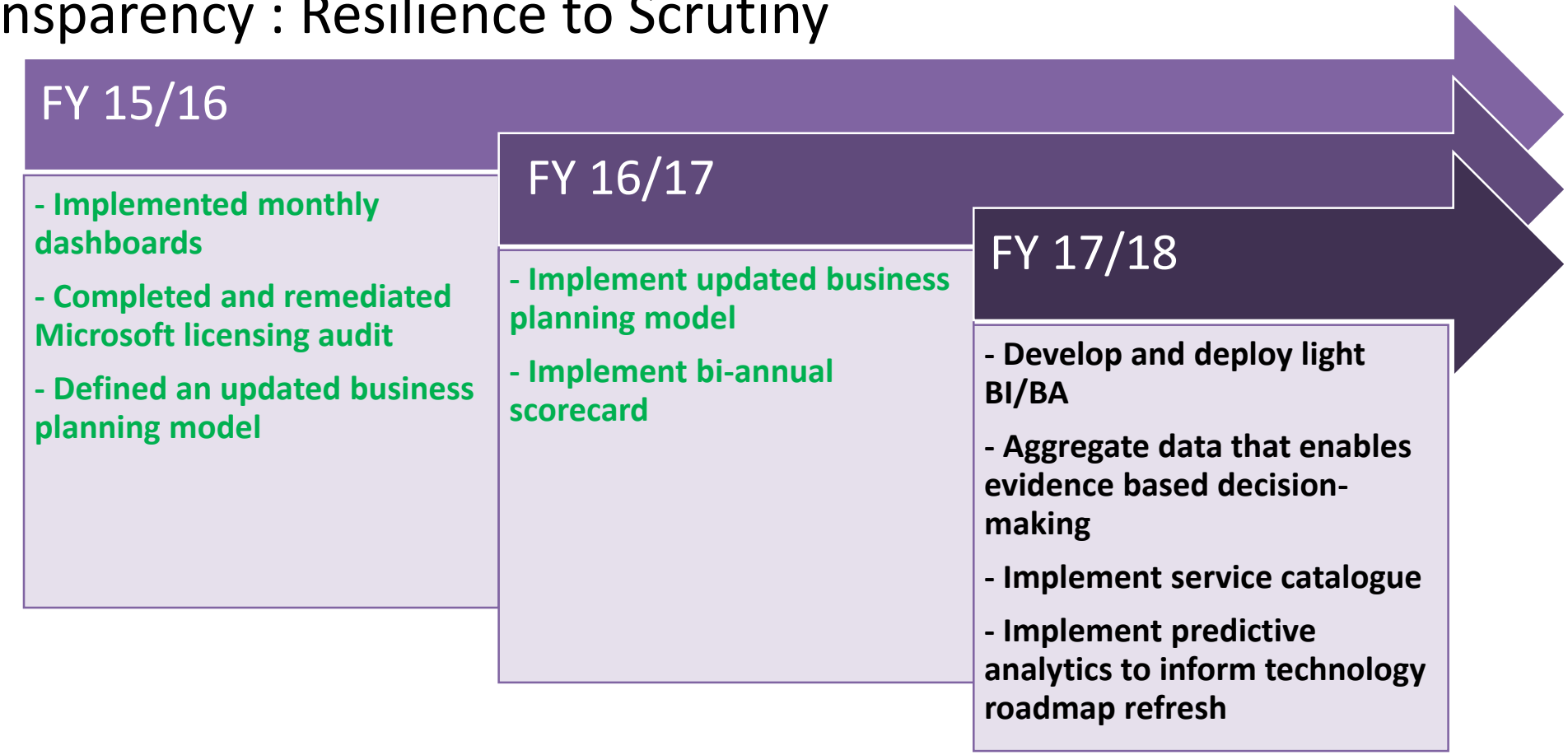
Strategic Plan: Year End Review

Culture of Accountability



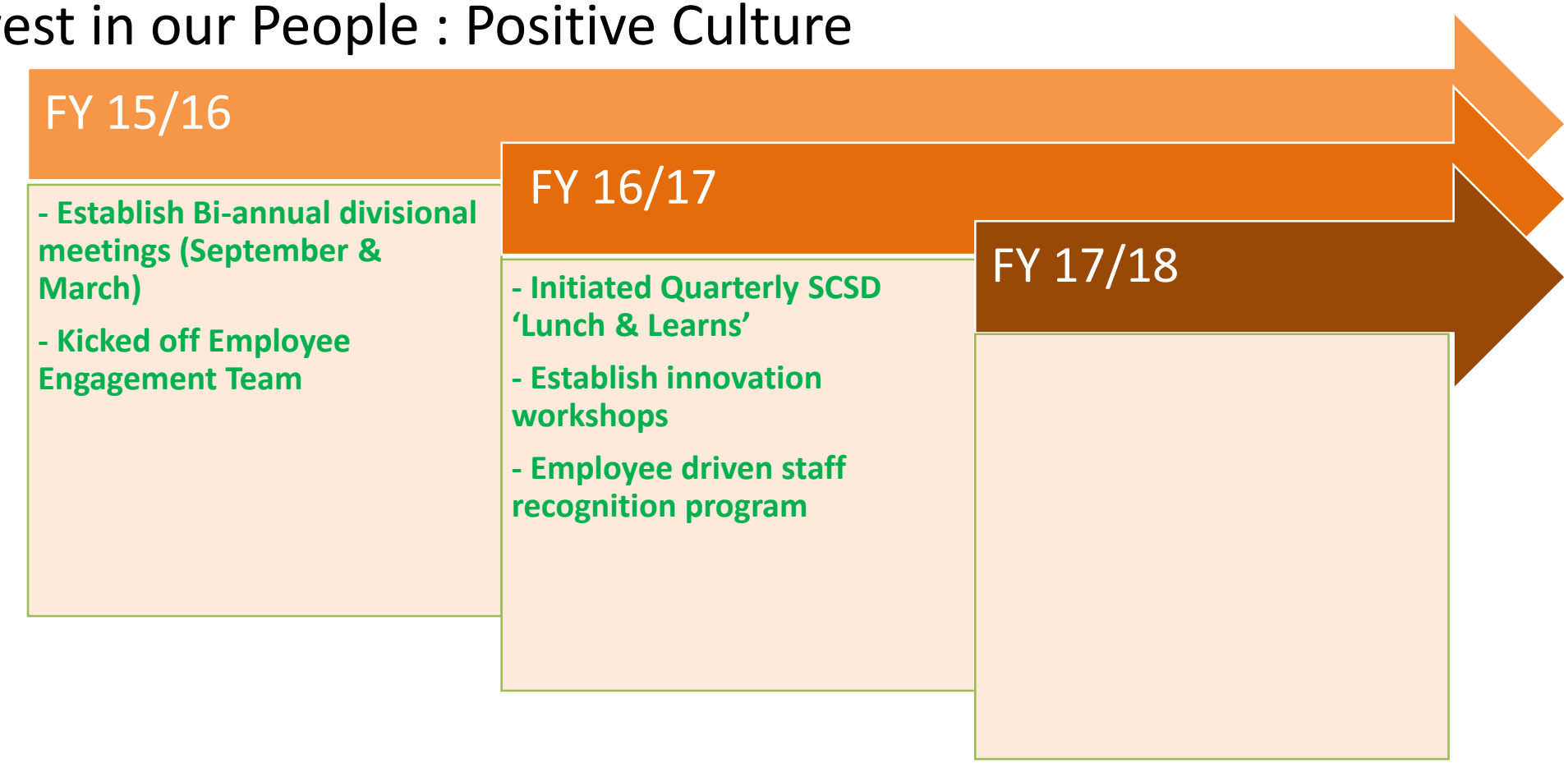
Strategic Plan: Year End Review

Transparency : Resilience to Scrutiny



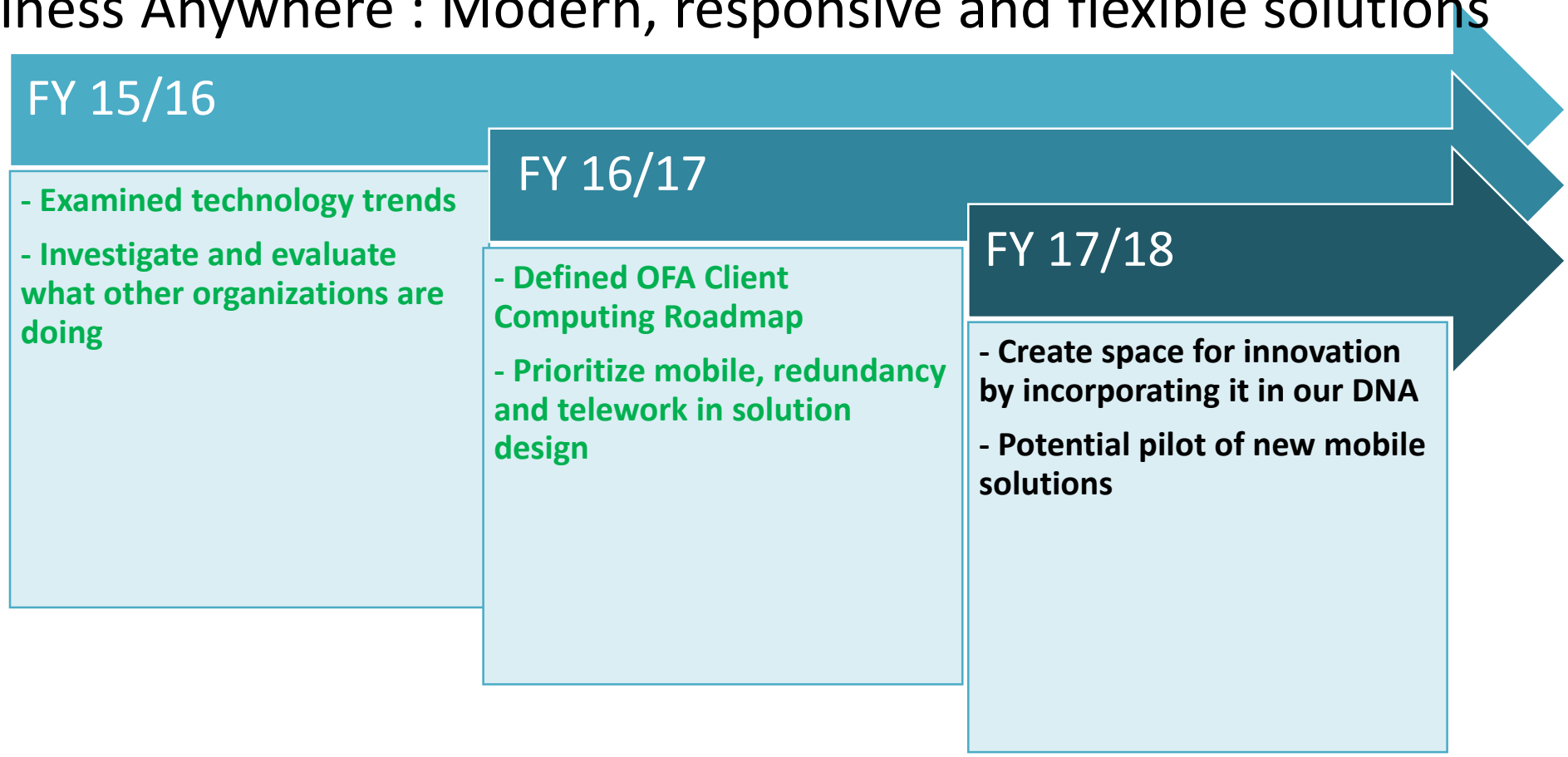
Strategic Plan: Year End Review

Invest in our People : Positive Culture



Strategic Plan: Year End Review

Business Anywhere : Modern, responsive and flexible solutions



OFA PROCUREMENT REPORT (June, 2017)

Includes: (1) All consulting contracts of any value; (2) Other procurements valued at $25,000+

	Division or Branch	Title of procurement	Type of procurement	Procurement in the name of..	Value of procurement (Cdn$)	Reasons for exemption or exception	Procurement process	Details/Description	Fiscal Year Proposed	Status	Business Rational for Exemption	Rationale for Single or Source Procurements
1	Strategic Corporate Services	ISP Providers	Non-Consulting	OFA	418,100.00 $		Open Competitive	The procurement is for ISP connections. These are necessary to provide the OFA redundant internet access for both the primary and collocations sites.	2017-2018	Approved		n/a
2	Strategic Corporate Services	IT Research Subscription Services	Consulting	OFA	50,850.00 $		Open Competitive	An IT Research Subscription Service provides online access to information and access to analysts on market research, knowledge and advice to make sound business decisions on IT technologies.	2017-2018	Complete/ agreement executed		n/a

3	Strategic Corporate Services	Test LAN - Server Hardware	Goods	OFA	99,000.00 $		Open Competitive	The Test and Production LAN environment requires three separate procurements: 1) Test LAN - Server Hardware; 2) Test LAN - SAN; and 3) Test LAN - Network Switches. This procurement is for Test LAN - Server Hardware.	2017-2018	Approved		N/A
4	Strategic Corporate Services	QA Practice Lead	Consulting	OFA	150,000.00 $		Invitational	Based on the results of DEV's software development lifecycle assessment, expected to conclude in September, a QA Practice Lead services may be required.	2017-2018	Planned (but not approved)		n/a
5	Strategic Corporate Services	Procurement Specialist	Consulting	OFA	84,000.00 $		Invitational	This will be a one-year term procurement. To provide consulting services related to the newly established Procurement Office with a focus on risk management, strategic & operational planning and business transformation. Description and $ change - was $250,000	2017-2018	Planned (but not approved)		n/a

6	Strategic Corporate Services	Endpoint Protection Solution	Goods	OFA	135,000.00 $		Open Competitive	This procurement is for Phase 1 of the EDR trial and proof of concept project and initial rollout with Windows 10 image. A procurement was originally planned for 2015-16 but was postponed until an EDR ITSL was established in 2016-17. May require S.28 approval from the DM.	2017-2018	Planned (but not approved)		n/a
7	Strategic Corporate Services	ITSL - Backup Software	Goods	OFA	- $		Open Competitive	This will be in the form of a Request for Qualifications inviting manufacturers and vendors of Backup Software to submit proposals to qualify manufacturers of Backup Software for inclusion in the OFA's Information Technology Standards List.	2017-2018	Approved		n/a

8	Strategic Corporate Services	Colocate Ancillary Services	Non-Consulting	OFA	77,147.71 $	Compatibility	Sole Source	This procurement is for: a) services required to prepare the new collocate site for move-in; b) services required to move OFA equipment from current to new collocate site; and c) additional services required for maintenance and upkeep on an as required basis over the term of the new collocate site contract.	2017-2018	Complete/ agreement executed	The required ancillary services such as network address allocation, OFA rack power/cooling, remote hands, emergency and routine maintenance tasks can only be performed by the colocation site provider.	n/a

9	Strategic Corporate Services	Commvault Support & Maintenance Services	Non-Consulting	OFA	95,000.00 $		Open Competitive	The Commvault Back-up System is one of the key components for the OFA's Business Continuity Plan. Maintenance & support services for Commvault Back-up System are required by the OFA in order to ensure its data protection environment stays functional and secure. NEW: this procurement is for 1-year service, with the option to extend for an additional year.	2017-2018	Planned (but not approved)		n/a
10	Strategic Corporate Services	ITSL - Desktop/EndPoints	Goods	OFA	$		Open Competitive	This will be a Request for Qualifications inviting manufacturers and vendors of Desktop/Endpoints to submit proposals to qualify manufacturers of Desktop/Endpoints for inclusion in the OFA's ITSL.	2017-2018	Planned (but not approved)		n/a
11	Strategic Corporate Services	ITSL - Email Gateway Security	Non-Consulting	OFA	$		Open Competitive	This will be a Request for Qualifications inviting manufacturers and/or vendors of Email Gateway Security to submit proposals to qualify manufacturers of Email Gateway Security for inclusion in the OFA's ITSL.	2017-18	Planned (but not approved)		n/a

12	Strategic Corporate Services	ITSL - Network Access Control	Goods	OFA	$		Open Competitive	This is a Request for Qualification for Network Access Control for inclusion to the OFA's ITSL.	2017-18	Planned (but not approved)		n/a
13	Strategic Corporate Services	ITSL - Privileged Account Management	Non-Consulting	OFA	$		Open Competitive	This will be a Request for Qualifications for a Privileged Account Management for inclusion to the OFA's ITSL.	2017-18	Planned (but not approved)		n/a
14	Strategic Corporate Services	ITSL - Vulnerability Assessment Tools	Non-Consulting	OFA	$		Open Competitive	This will be a Request for Qualifications inviting manufacturers and vendors of Vulnerability Assessment Tools to submit proposals to qualify manufacturers of Vulnerability Assessment Tools for inclusion in the OFA's ITSL.	2017-18	Planned (but not approved)		n/a
15	Strategic Corporate Services	MAN Connections	Non-Consulting	OFA	85,200.00 $		Open Competitive	Procurement of Metropolitan Area Network (MAN) connection is required to provide the high availability network connection service that is essential for the operation of the OFA's BCP, and to avoid service disruptions.	2017-18	Approved		n/a

16	Strategic Corporate Services	Storage Enhancements for the OFA	Goods	OFA	150,000.00 $		Open Competitive	Implement primary storage enhancements at 1Dundas.	2017-18	Planned (but not approved)		n/a
17	Strategic Corporate Services	Support Services for HP Servers	Non-Consulting	OFA	186,450.00 $		Open Competitive	Procurement is for a non-consulting service contract, of up to two years, to provide support and maintenance for the OFA's Hewlett Packard servers so as to mitigate the risk of server downtime and associated IT system unavailability.	2017-18	Complete/ agreement executed		n/a
18	Capital Markets	ONFA Risk Reporting	Goods	OFA	4,000,000.00 $		Open Competitive	Procurement to re-tender the services for the risk reporting provider.	2017-18	Planned (but not approved)		
19	Capital Markets	ONFA Custodian	Non-Consulting	Province of Ontario	13,000,000.00 $		Single Source	An extension of the custodian agreement is under negotiation to resolve a contract dispute.	2017-18	Planned (but not approved)		Treasury Operations; aggregate contract value over initial term and potential 5 year extension, not including contract credits is estimated at $13,000,000

DEBT AND DERIVATIVE PORTFOLIO

LONG TERM PUBLIC BORROWING
Requirement for 2017-18 is $26.4 billion (2016-17, $27.0 billion)

($ Billions)	Year to April 30, 2017	Year to March 31, 2017
Borrowing All Markets:		
Domestic Issues	0.6	19.9
Global Issues	-	6.8
Euro Medium Term Notes	-	-
Australian Issues	-	0.3
TOTAL	**0.6**	**27.0**
Borrowing Domestic Market:		
Syndicated Bonds	0.6	17.0
Bond Auctions	-	0.8
Floating Rate Notes	-	1.2
Ontario Savings Bonds	-	0.1
Medium-Term Notes	-	-
Real Return Bonds	-	-
Green Bonds	-	0.8
TOTAL	**0.6**	**19.9**

Note: Numbers may not add due to rounding.

CONSOLIDATED TOTAL DEBT COMPOSITION

	As at April 30, 2017	Interim As at March 31, 2017
Domestic Bonds	245.0	244.3
International Bonds	55.8	55.5
Non-Public Debt	11.6	11.6
Treasury Bills	16.4	16.0
U.S. Commercial Paper	4.5	4.9
TOTAL DEBT	**333.3**	**332.4**

DERIVATIVE NOTIONAL VALUE

Interest Rate Swaps	85.7	85.0
Currency Swaps	41.2	40.7
Forward Foreign Contracts	29.8	35.2
	156.7	**160.9**

Note: Numbers may not add due to rounding.

Finance and Treasury Division
May 18, 2017

Ontario Financing Authority

Investments Summary - Province, OEFC[1] and Investments Managed for Other Entities[2]

As at April 30, 2017
(in $ millions)

	Credit Ratings (As of April 30, 2017) (DBRS/Moody's/S&P)	Province	OEFC	Province & OEFC Total	Other Entities Total	Province, OEFC & Other Entities Total	Change from Previous Report As of February 28, 2017
Government Bonds:							
Alberta	AA (high) / Aa1 (N) / AA (N)	-	-	-	8.0	8.0	-
British Columbia	AA (high) / Aaa / AAA				15.2	15.2	-
Saskatchewan	AA / Aaa / AA+ (N)				7.2	7.2	-
Canada	AAA / Aaa / AAA	374.0		374.0	-	374.0	(3,293.7)
Canada Housing Trust	AAA / Aaa / AAA	2,075.8	-	2,075.8	130.4	2,206.2	(741.9)
Export Development	AAA / Aaa / AAA			-		-	-
Manitoba	A(high) / Aa2 / AA- (N)	-	-	-	4.0	4.0	-
New Brunswick	A(high) / Aa2 / A+	-	-	-	14.5	14.5	-
Ontario	AA(low) / Aa2 / A+	6,212.0	-	6,212.0	492.0	6,704.0	(1,637.0)
Ontario Hydro	NR / NR / NR	15.6	-	15.6	-	15.6	-
Ontario Infrastructure and Lands Corporation	NR / Aa2 / NR	-	-	-	352.9	352.9	(10.2)
Quebec	A(high) / Aa2 / A+ (P)	-	-	-	40.1	40.1	25.1
United States	AAA / Aaa / AA+			-		-	-
Government Bonds Total		8,677.4	-	8,677.4	1,064.3	9,741.7	(5,657.7)
Net Government (Repo)/Reverse Repos		6,194.8		6,194.8	-	6,194.8	4,972.6
Government Money Market:							
Export Development - Promissory Notes	R-1(high) / P-1 / A-1+		-	-	-	-	-
Government of Canada T-Bills	R-1(high) / P-1 / A-1+	4,012.6	-	4,012.6	137.1	4,149.7	1,142.6
Province of Quebec T-Bills	R-1(mid) / P-1 / A-1+					-	-
Province of New Brunswick T-Billls	R-1(mid) / N.R. / A-1+				-	-	-
Province of British Columbia - Promissory Notes	R-1(high) / P-1 / A-1+				-	-	-
Province of Ontario T-Bills & Term Deposits	R-1(mid) / P-1 / A-1+	3,603.5	2,665.9	6,269.4	460.6	6,730.0	(157.3)
Government Money Market Total		7,616.1	2,665.9	10,282.0	597.7	10,879.7	985.3
Bank Money Market:							
Bank of Montreal	R-1(high) (N) / P-1 / A-1	-	-	-	1.7	1.7	(4.4)
Bank of Nova Scotia	R-1(high) (N) / P-1 / A-1	-	-	-	127.3	127.3	14.9
Canadian Imperial Bank of Commerce	R-1(high) (N) / P-1 / A-1	-	-	-	74.6	74.6	1.5
Royal Bank of Canada	R-1(high) (N) / P-1 / A-1+	-	-	-	36.8	36.8	(2.4)
Toronto-Dominion Bank	R-1(high) (N) / P-1 / A-1+	-	-	-	103.1	103.1	20.7
Bank Money Market Total		-	-	-	343.5	343.5	30.3
Total Investments		**$ 22,488.3** [4,5]	**$ 2,665.9**	**$ 25,154.2**	**$ 2,005.5** [3]	**$ 27,159.7**	**$ 330.5**

[1] Ontario Electricity Financial Corporation

[2] Deposit Insurance Corporation of Ontario (includes Deposit Insurance Reserve Fund Government Laddered Bond Investments), Northern Ontario Heritage Fund Corporation, Ontario Capital Growth Corporation, Ontario Immigrant Investor Corporation, Ontario Infrastructure and Lands Corporation, Ontario Infrastructure and Lands Corporation - General Real Estate Portfolio, Ontario Trillium Foundation, Pension Benefits Guarantee Fund (includes Pension Benefits Guarantee Fund Government Bond Laddered Portfolio), Ontario Capital Growth Corporation 2.

[3] Please refer to Appendix 1 for a breakdown by entity.

[4] Excludes Newedge Futures Margin Deposits of less than $0.1 million.

[5] Excludes accumulated amortization of discounts/premiums on Canadian and USD bonds of ($48.5) million.

(N) = Negative Outlook; CW-D = CreditWatch Developing; CW-N = CreditWatch Negative

Appendix 1

Ontario Financing Authority

Investments Managed for Other Entities
As at April 30, 2017
(in $ millions)

	Discretionary						Non-Discretionary					Other Entities
	DICO[1]	OILC[2]	OTF[3]	PBGF[4]	OCGC[5]	Subtotal	NOHF[6]	OIIC[7]	OILC-GREP[8]	OCGC2[9]	Subtotal	Total
Government Bonds:												
Alberta	3.0	-	-	5.0	-	8.0	-	-	-	-	-	8.0
British Columbia	4.0	-	6.2	5.0	-	15.2						15.2
Saskatchewan	1.0		6.2			7.2						7.2
Canada Housing Trust	18.1	-	14.5	97.8	-	130.4	-	-	-	-	-	130.4
Manitoba	4.0	-	-	-	-	4.0	-	-	-	-	-	4.0
New Brunswick	2.0	-	12.5	-	-	14.5	-	-	-	-	-	14.5
Ontario	58.3	178.2	50.9	113.5	-	400.9	-	91.1	-	-	91.1	492.0
Ontario Infrastructure and Lands Corporation	-	-	-	-	-	-	-	352.9	-	-	352.9	352.9
Quebec	5.0	-	25.1	10.0	-	40.1	-	-	-	-	-	40.1
Government Bonds Total	95.4	178.2	115.4	231.3	-	620.3	-	444.0	-	-	444.0	1,064.3
Government Money Market:												
Government of Canada T-Bills	42.9	-	55.9	38.3	-	137.1	-	-	-	-	-	137.1
Province of British Columbia - Promissory Notes			-			-					-	-
Province of New Brunswick T-Billls						-					-	-
Province of Ontario T-Bills & Term Deposits	40.2	-	28.4	87.1	54.8	210.5	201.3	15.2	-	33.6	250.1	460.6
Province of Quebec T-Bills		-	-	-	-	-					-	-
Government Money Market Total	83.1	-	84.3	125.4	54.8	347.6	201.3	15.2	-	33.6	250.1	597.7
Bank Money Market:												
Bank of Montreal	1.4	-	-	0.3	-	1.7	-	-	-	-	-	1.7
Bank of Nova Scotia	25.4	-	24.0	77.9	-	127.3	-	-	-	-	-	127.3
Canadian Imperial Bank of Commerce	17.5	-	9.6	47.5	-	74.6	-	-	-	-	-	74.6
Royal Bank of Canada	11.5	-	8.7	16.6	-	36.8	-	-	-	-	-	36.8
Toronto-Dominion Bank	18.1	-	13.5	71.5	-	103.1	-	-	-	-	-	103.1
Bank Money Market Total	73.9	-	55.8	213.8	-	343.5	-	-	-	-	-	343.5
Total Investments	**$ 252.4**	**$ 178.2**	**$ 255.5**	**$ 570.5**	**$ 54.8**	**$ 1,311.4**	**$ 201.3**	**$ 459.2**	**$ -**	**$ 33.6**	**$ 694.1**	**$ 2,005.5**

Discretionary accounts - clients have contracted the OFA to make investment decisions on their behalf.

[1] Deposit Insurance Corporation of Ontario (includes Deposit Insurance Reserve Fund Government Laddered Bond Investments)

[2] Ontario Infrastructure and Lands Corporation

[3] Ontario Trillium Foundation

[4] Pension Benefits Guarantee Fund (includes Pension Benefits Guarantee Fund Government Bond Laddered Portfolio)

[5] Ontario Capital Growth Corporation

Non-Discretionary accounts - clients make the investment decisions.

[6] Northern Ontario Heritage Fund Corporation

[7] Ontario Immigrant Investor Corporation

[8] Ontario Infrastructure and Lands Corporation - General Real Estate Portfolio

[9] Ontario Capital Growth Corporation 2

OFA AUDIT & RISK MANAGEMENT COMMITTEE ANNUAL THREE-YEAR WORK-PLAN 2017-2019 (April, 2017)

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	2017 APR	2017 JUN	2017 SEP	2017 DEC	2018 FEB	2018 APR	2018 JUN	2018 SEP	2018 DEC	2019 FEB	2019 APR	2019 JUN	2019 SEP	2019 DEC	COMMENTS / STATUS/ ASSIGNED TO	RISKS*
RISK MANAGEMENT																				
1	Understand how material risks are created as a result of the OFA's activities for the Province, the OFA and other public bodies, and how these risks are monitored, controlled and reported.	• Annual review of OFA Risk Identification and Assessemnt as described in draft Business Plan (Invite CEO).	CEO CFRO All Divisions	✓					X					X						
		• Delivery of memo from CEO/CFRO to Chair of ARMC confirming agreement with the Risk Identification and Assessment in the Business Plan	CEO CFRO						X					X						
		• Review of OFA Risk Profile.	OIA	✓					X					X						1
		• OFA divisions to conduct educational sessions as requested.	All Divisions																As requested	
2	Review the OFA's treasury program's risk management policies and any amendments thereto and recommend them for approval by the Board of Directors.	• Annual update/ amendment:																		
		- SIPP for liquid reserves	CM (TAB 9)			X					X					X				1, 9
		- Use of Derivatives Policy	CFRO(TAB 10)			X					X					X				1, 6, 9, 10, 13
		- Risk Management Reporting Policy	CFRO				X					X					X			1, 6, 9, 10, 13
		- Market Risk Policy	CFRO					X					X					X		1, 6, 9, 10, 13
		- Credit Risk Policy	CFRO		✓					X					X					1, 6, 9, 10, 13
		- Trading Restrictions Policy	Legal		✓		X			X								X	Decision from April meeting: convert the policy into an employee code of conduct – table in September 2017	**4**
3	Review significant risk management and policy issues. Direct staff to take appropriate actions.	• Review the following areas in 2015/16 and subsequent years as indicated:	OIA CEO CM (IR)																	
		- Oversee implementation of risk assessment process in Business Plan	CFRO	✓					X					X						1, 9
		- Receive updates on payment card industry compliance, when material developments occur.	CFRO																when material developments occur.	
		- Receive updates on PSAB requirements quarterly.	CFRO(TAB 14)		✓	X	X	X		X	X	X	X		X	X	X	X		8

Legend								
	ARMC - Audit and Risk Management Committee	CEFD - Corporate and Electricity Finance Division	OIA - Ontario Internal Audit	SCSD - Strategic Corporate Services Division	ARMC & ONFA IC items
	AG - Auditor General	HRGC - Human Resources and Governance Committee	OPS - Ontario Public Service	X - Outstanding	
	CM - Capital Markets; IR – Investor Relations	Legal - OFA Legal Branch	CFRO - Chief Financial and Risk Officer	✓ - Completed	* See attached Risk Chart

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	2017 APR	2017 JUN	2017 SEP	2017 DEC	2018 FEB	2018 APR	2018 JUN	2018 SEP	2018 DEC	2019 FEB	2019 APR	2019 JUN	2019 SEP	2019 DEC	COMMENTS / STATUS/ ASSIGNED TO	RISKS*
RISK MANAGEMENT																				
		- OIA to provide Leading Banking Pronouncements to OFA Director of Risk Control quarterly. Copies are provided by OIA to Board Coordinator and posted to Board portal	OIA (TAB 13)		✓	X	X	X		X	X	X	X		X	X	X	X		
		- Legal compliance report will address any new claims against the OFA. Current claims will be reported in the context of OFA financials.	CFRO (TAB 4) Legal		✓	X	X	X		X	X	X	X		X	X	X	X		3, 5, 6, 7, 15, 16, 22, 26
		- Review other significant issues as they arise, in context of quarterly internal audit reports, quarterly financial statements and any exceptional/special reports under Risk Management Reporting Policy.	OIA CFRO																As required	1
4	Review reports concerning financial positions, exposures and results.	• Receive monthly performance reports from CEO (all directors)	CEO																Monthly (by email)	1, 2, 6, 7, 9, 11, 12, 13
		• Review quarterly debt derivatives portfolio and investment summary	CM (TAB 18 / 19)		✓	X	X	X		X	X	X	X		X	X	X	X		1, 9, 13
		• Review quarterly program, status, exposures and results	CFRO(TAB 15)		✓	X	X	X		X	X	X	X		X	X	X	X		1, 9, 10, 13
		• Receive reports on implementation of collateralized swaps.	CM				X					X					X			1, 9, 13
		• Receive exception reports from RC. Immediately review any exception reports and direct appropriate action.	CFRO ARMC Chair																As needed	1, 10
		• Meet with CFRO *in camera* at quarterly meetings.	CFRO (TAB 6)		✓	X	X	X		X	X	X	X		X	X	X	X		6, 15
5	Provide input into review of ONFA OPG reference plans	Briefing on reference plan review process during OFA staff review	CEFD																Review every five years. Last reviewed September 2015. Next plan in 2020.	

Legend

ARMC - Audit and Risk Management Committee
AG - Auditor General
CM - Capital Markets; IR – Investor Relations
CEFD - Corporate and Electricity Finance Division
HRGC - Human Resources and Governance Committee
Legal - OFA Legal Branch
OIA - Ontario Internal Audit
OPS - Ontario Public Service
CFRO - Chief Financial and Risk Officer
SCSD - Strategic Corporate Services Division
X - Outstanding
✓ - Completed

ARMC & ONFA IC items

* See attached Risk Chart

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	2017 APR	2017 JUN	2017 SEP	2017 DEC	2018 FEB	2018 APR	2018 JUN	2018 SEP	2018 DEC	2019 FEB	2019 APR	2019 JUN	2019 SEP	2019 DEC	COMMENTS / STATUS / ASSIGNED TO	RISKS*
CONTROL FRAMEWORK																				
1	Obtain assurance that an appropriate system of internal control is in place to ensure OFA objectives are achieved	• Approve annual Audit and Consulting Plan.	OIA		✓					X					X					3, 5, 6, 15, 22
2	Review the control framework over annual and interim financial reporting, including information technology security and control.	• Require that OIA include reviews of processes and controls in respect of operation being audited.	OIA																Ongoing	
3	Review control framework for technology security and control.	• Receive report concerning security measures relating to IT including system for ensuring they are kept current.	SCSD					**X**					**X**					**X**		2, 10, 15, 24
4	Review control framework for monitoring compliance with laws, regulations, government directives	• Presentation by Legal Division / SCSD.	Legal SCSD					**X**					**X**					**X**		3, 5, 7, 22, 24
5	Obtain regular updates from management and legal counsel regarding compliance matters.	• Quarterly compliance reports - Legal compliance - IT projects - Procurement	SCSD Legal (TAB 4, 16, 20)		✓	**X**	**X**	**X**		**X**	**X**	**X**	**X**		**X**	**X**	**X**	**X**		2, 3, 10, 15, 16, 24, 25, 26
		• Annual Capital markets regulatory requirements.	CM				**X**					**X**					**X**			2, 5
6	Direct staff to take appropriate remedial action to remedy compliance gaps or non-compliance with applicable legal, regulatory or policy requirements or applicable directives and monitor implementation.	• Minutes will record action items.	Legal																Ongoing	
		• Receive follow-up reports regarding implementation of internal audit recommendations.	OIA (TAB 13)		✓	**X**	**X**	**X**		**X**	**X**	**X**	**X**		**X**	**X**	**X**	**X**		3, 5, 15, 22
		• Ad hoc ARMC or Board meetings will be called to deal with illegal actions or material non-compliance	ARMC RC Legal																As needed	5

Legend							
	ARMC - Audit and Risk Management Committee	CEFD - Corporate and Electricity Finance Division	OIA - Ontario Internal Audit	SCSD - Strategic Corporate Services Division		ARMC & ONFA IC items
	AG - Auditor General	HRGC - Human Resources and Governance Committee	OPS - Ontario Public Service	X - Outstanding		
	CM - Capital Markets; IR – Investor Relations	Legal - OFA Legal Branch	CFRO - Chief Financial and Risk Officer	✓ - Completed		* See attached Risk Chart

7	Ensure Internal Audit reports describe applicable internal control procedures, any material issues and any steps taken to deal with them.	• Internal Audit reports will describe internal control procedures in respect of operation being audited.	OIA																Ongoing	
		• Quarterly summary of internal audit reports will include any material issues plus recommendations and management's response.	OIA																Ongoing	3, 5, 15
8	Obtain confirmation that OFA has comprehensive, up to date, Business Continuity Plan (BCP).	• Presentation by SCSD every two years.	SCSD										X							6, 15, 24, 25
9	Annual review of OFA Procurement Plan	• Presentation by Legal Div.	Legal	✓					X					X						3, 16, 26
10	Review OFA signing authorities resolution.	• Draft resolution by Legal Division	Legal					X										X	Every two years	
11	Review process and/or confirm changes to process regarding use and retention of surplus interest rate spreaeds and limits	• Report by CFRO	CFRO															X	As changes occur	21

				TIMING																
				2017					2018					2019						
CHARTER DUTIES / RESPONSIBILITIES	**PLAN**	**RESPONSIBLE**		**FEB**	**APR**	**JUN**	**SEP**	**DEC**	**FEB**	**APR**	**JUN**	**SEP**	**DEC**	**FEB**	**APR**	**JUN**	**SEP**	**DEC**	**COMMENTS / STATUS / ASSIGNED TO**	**RISKS***
FINANCIAL REPORTING																				
1	Review processes for providing the Province's financial information to rating agencies and regulatory authorities and any material changes to such processes.	• Presentation regarding disclosure process: - rating agencies - regulators	CFRO CM				X										X		Every two years	4, 5, 11, 12
2	Understand how management develops interim financial information for OFA and Public Bodies.	• Presentation by TFD	CFRO					X											Every three years	
3	Understand how management develops interim financial information for the Province	• Presentation by TFD	CFRO										X						Every three years	
4	Review OFA's quarterly financial statements and its annual audited financial statements, including the appropriateness of the accounting policies used in the financial statements, and recommend their approval to the Board.	• Quarterly review of financial statements will include discussion of any accounting and reporting issues.	CFRO OIA AG (TAB 5)		✓	X	X	X		X	X	X	X		X	X	X	X		6, 8, 21
5	Review with management, the Internal Audit Branch, and the Provincial Auditor the results of the audit of the OFA's financial statements, including any difficulties encountered and the Auditor's opinion and any management letter.	• Receive report as part of presentation of financial statements at June ARMC meeting.	CFRO OIA AG (TAB 5)			X					X					X				8, 15

Legend									
	ARMC - Audit and Risk Management Committee	CEFD - Corporate and Electricity Finance Division	OIA - Ontario Internal Audit	SCSD - Strategic Corporate Services Division	ARMC & ONFA IC items
	AG - Auditor General	HRGC - Human Resources and Governance Committee	OPS - Ontario Public Service	X - Outstanding	
	CM - Capital Markets; IR – Investor Relations	Legal - OFA Legal Branch	CFRO - Chief Financial and Risk Officer	✓ - Completed	* See attached Risk Chart

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	APR	JUN	SEP	DEC	2018 FEB	APR	JUN	SEP	DEC	2019 FEB	APR	JUN	SEP	DEC	COMMENTS / STATUS / ASSIGNED TO	RISKS*
FINANCIAL REPORTING																				
		• Receive confirmation of staff compliance with protocol for dealing with the AG, if any	AG (TAB 5)			X					X					X				6, 8, 15
		• Any Management Letter will be sent to ARMC members. ARMC Chair will call meeting to address immediately, or address at next quarterly meeting, as appropriate.	Legal ARMC Chair																Upon receipt	

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	APR	JUN	SEP	DEC	2018 FEB	APR	JUN	SEP	DEC	2019 FEB	APR	JUN	SEP	DEC	COMMENTS / STATUS / ASSIGNED TO	RISKS*
AUDITS																				
1	Provide input to OIA for the purpose of preparing an annual three-year audit plan and approve the annual audit plan.	• ARMC to recommend audits as part of annual review of OFA Risk Profile.	ARMC OIA	✓					X					X						
		• ARMC to recommend audits if in-year issues arise	ARMC OIA																As required	
		• Approve annual Internal Audit Plan	ARMC OIA		✓					X					X					8
2	Review external auditor's plan for the ONFA funds audit and review the audited ONFA financial statements.	• Plan to be presented and discussed prior to annual ONFA audit.	ONFA Auditors					X					X					X		17
		• ONFA audit report and audited financial statements to be presented by Auditors for review and any follow-up by ARMC.	ONFA Auditors	✓					X					X						17
3	Obtain confirmation that the OIA and the AG are provided with complete and timely information to conduct their audits.	• Receive reports re co-operation from AG.	AG (TAB 5)			X					X					X				21
		• Obtain confirmation that each of OIA and OFA has met its	OIA OFA CEO						X					X						

Legend

ARMC	- Audit and Risk Management Committee	CEFD	- Corporate and Electricity Finance Division	OIA	- Ontario Internal Audit	SCSD	- Strategic Corporate Services Division
AG	- Auditor General	HRGC	- Human Resources and Governance Committee	OPS	- Ontario Public Service	X	- Outstanding
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ARMC & ONFA IC items

* See attached Risk Chart

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	2017 APR	2017 JUN	2017 SEP	2017 DEC	2018 FEB	2018 APR	2018 JUN	2018 SEP	2018 DEC	2019 FEB	2019 APR	2019 JUN	2019 SEP	2019 DEC	COMMENTS / STATUS / ASSIGNED TO	RISKS*
AUDITS																				
		responsibilities to the other as established in the Internal Audit Directive	CFRO																	
4	Review reports of OIA and any special audits, consider probability and impact of risks, and monitor acceptance and implementation of audit recommendations.	• Summaries of internal audit reports (including an assessment of risk probability and impact) will be provided and reviewed quarterly, including status of implementation of audit recommendations.	OIA ARMC (TAB 13)		✓	X	X	X		X	X	X	X		X	X	X	X		3, 6, 15, 22
		• Reports of special audits will be provided to the ARMC Chair upon completion.	OIA																Upon receipt	
		• Reports where the "Result of Evaluation" is coded "red", will be provided immediately to ARMC Chair upon receipt by Legal	Legal																Upon receipt	
5	Review the effectiveness of the internal audit function including the policies, resources and qualifications of the OIA Branch, its timeliness and audit follow-up process. Obtain assurance that audit procedures and reports meet industry standards, make recommendations to the Board.	• Annual assessment of OIA services using OIA questionnaire as may be amended by the ARMC.	OIA ARMC	✓					X					X						
		• Report to the Board any issues arising from review of OIA services.	OIA																Upon completion of review or as required	
		• Summaries of OIA reports include confirmation of compliance with industry audit standards.	OIA		✓					X					X				Ongoing	
		• OIA to provide information annually regarding internal auditors' qualifications	OIA (TAB 13)			X					X					X				
6	Review the Auditor General's audit plan concerning the annual audit of the financial statements including any special audits	• Plan to be presented and discussed prior to annual financial statements audit	AG		✓					X					X					6, 15, 21

Legend

ARMC - Audit and Risk Management Committee
AG - Auditor General
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X - Outstanding
✓ - Completed

ARMC & ONFA IC items

* See attached Risk Chart

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	2017 APR	2017 JUN	2017 SEP	2017 DEC	2018 FEB	2018 APR	2018 JUN	2018 SEP	2018 DEC	2019 FEB	2019 APR	2019 JUN	2019 SEP	2019 DEC	COMMENTS / STATUS / ASSIGNED TO	RISKS*
PROCESS																				
1	The ARMC will develop and implement a workplan.	• Approve workplan annually	Legal		✓					X					X					
		• Report on workplan status	Legal (TAB 20)	✓	✓	X	X	X	X	X	X	X	X	X	X	X	X	X		
2	The ARMC will meet at least five times each year and more if desired.	• "Quarterly" meetings will be held in April, June, September, and December.	Legal		✓	X	X	X		X	X	X	X		X	X	X	X		
		• At least one special-purpose meeting will be held including annual review of risks and annual review of OIA performance.	Legal	✓					X					X						
		• ARMC will consider the need for any additional meetings or educational sessions.	ARMC (TAB 23) Chair		✓	X	X	X		X	X	X	X		X	X	X	X		
3	An agenda will be prepared and provided to the members in advance of the meeting along with appropriate material. The Chair will approve the Agenda.	• Draft agenda to be sent to Chair.	Legal	✓	✓	X	X	X	X	X	X	X	X	X	X	X	X	X		
		• Agenda's and meeting material to be provided at least six days before the date of the meeting.	Legal	✓	✓	X	X	X	X	X	X	X	X	X	X	X	X	X		
4	Minutes of each ARMC meeting will be prepared and the Chair and the Secretary will sign the minutes after they have been approved by the ARMC.	• Minutes to be approved quarterly	ARMC (TAB 7) Legal	✓	✓	X	X	X	X	X	X	X	X	X	X	X	X	X		
		• Minutes to be signed upon approval or promptly thereafter.	ARMC Chair Legal	✓	✓	X	X	X	X	X	X	X	X	X	X	X	X	X		
5	ARMC will meet with Director, Ontario Internal Audit, and the Director, AG to discuss matters requiring discussion in view of the ARMC, Internal Auditors or AG.	• OIA representatives and AG representatives, are invited to quarterly meetings.	OIA AG		✓	X	X	X		X	X	X	X		X	X	X	X		
6	ARMC will meet in camera separately with (i) OIA, (ii) AG, (iii) Chief Financial and Rick Officer	• Agendas to provide for quarterly in camera sessions.	OIA (TAB 6) AG		✓	X	X	X		X	X	X	X		X	X	X	X		6, 15
7	The ARMC shall report to the Board on its activities on a regular basis.	• ARMC reports at each quarterly Board meeting.	ARMC Chair		✓	X	X	X		X	X	X	X		X	X	X	X		
		• Special reports of an urgent nature concerning material issues may be made at any time to the Board through																	As required	

Legend

ARMC	- Audit and Risk Management Committee	CEFD	- Corporate and Electricity Finance Division	OIA	- Ontario Internal Audit	SCSD	- Strategic Corporate Services Division
AG	- Auditor General	HRGC	- Human Resources and Governance Committee	OPS	- Ontario Public Service	X	- Outstanding
CM	- Capital Markets; IR – Investor Relations	Legal	- OFA Legal Branch	CFRO	- Chief Financial and Risk Officer	✓	- Completed

ARMC & ONFA IC items

* See attached Risk Chart

	CHARTER DUTIES / RESPONSIBILITIES	PLAN	RESPONSIBLE	TIMING 2017 FEB	2017 APR	2017 JUN	2017 SEP	2017 DEC	2018 FEB	2018 APR	2018 JUN	2018 SEP	2018 DEC	2019 FEB	2019 APR	2019 JUN	2019 SEP	2019 DEC	COMMENTS / STATUS / ASSIGNED TO	RISKS*
PROCESS																				
		the OFA Chair or Vice Chair.																		
8	The ARMC shall review the adequacy of the Committee Charter annually, propose any appropriate revisions, and recommend any revisions to the Board.	• OFA Staff will review charter in consultation with OIA and submit any proposed changes to ARMC.	CFRO Legal OIA	✓	✓				**X**					**X**					Deferred to April 2017 to consolidate proposed amendments from February 2017 review	
9	The ARMC shall confirm annually whether all responsibilities outlined in its Charter have been carried out and evaluate the Committee's performance.	• Confirmation of completion of responsibilities will be included quarterly in work-plan status reports.	Legal (TAB 20)		✓	**X**	**X**	**X**		**X**	**X**	**X**	**X**		**X**	**X**	**X**	**X**		
		• Proposed changes will be made by the ARMC and recommended to the Board.	Chair Legal			**X**					**X**					**X**				
		• Review performance using annual questionnaire.	Legal	✓					**X**					**X**						

Legend								
	ARMC - Audit and Risk Management Committee	CEFD - Corporate and Electricity Finance Division	OIA - Ontario Internal Audit	SCSD - Strategic Corporate Services Division	ARMC & ONFA IC items
	AG - Auditor General	HRGC - Human Resources and Governance Committee	OPS - Ontario Public Service	X - Outstanding	
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Ontario's Fair Hydro Plan
OFA Audit & Risk Management Committee Briefing

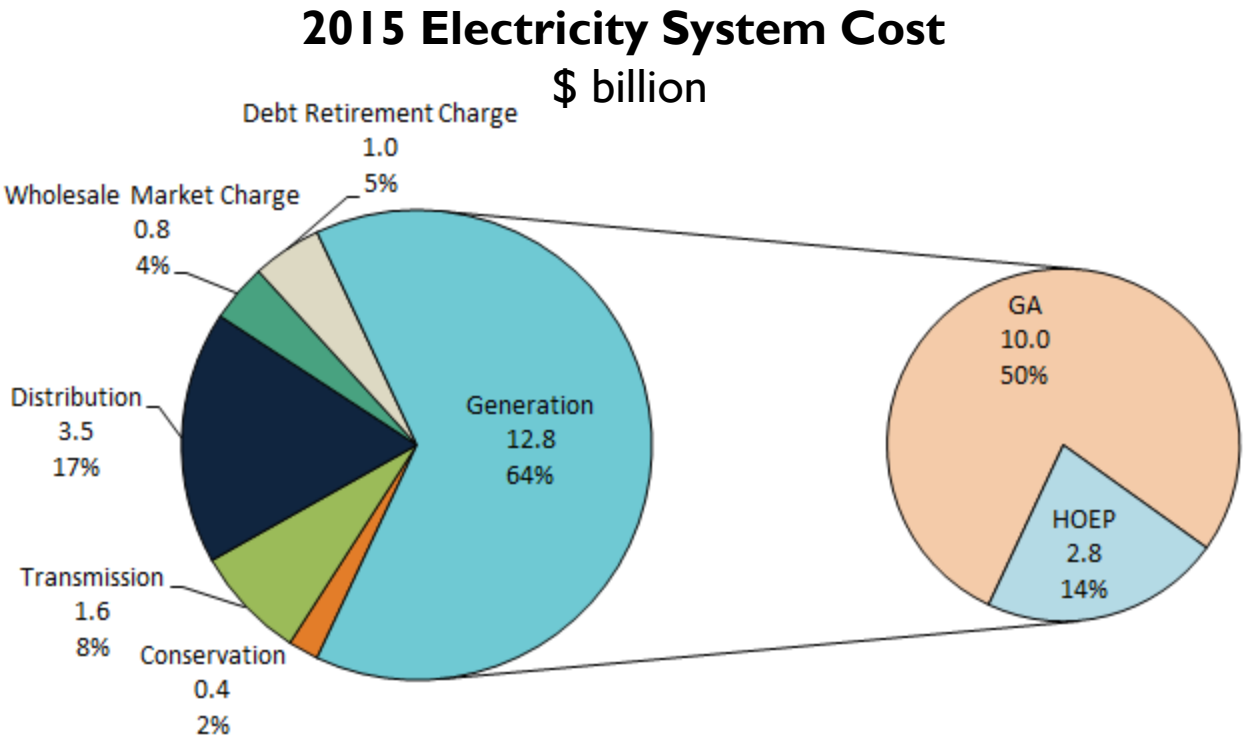
Corporate and Electricity Finance Division
June 16, 2017

Contents

- Context: Ontario's Electricity Market
- Overview: Ontario's Fair Hydro Plan
- Global Adjustment Refinancing
- OFA Involvement
  - Equity Injection
  - IESO increased credit facility
- Global Adjustment Refinancing Risks / Sensitivities
  - Financial modelling assumptions

Context: Ontario's Electricity Market

- In 2015, generation accounted for 64% of total electricity system costs. Total system costs in 2015 were $20 billion.



DEFINITIONS:

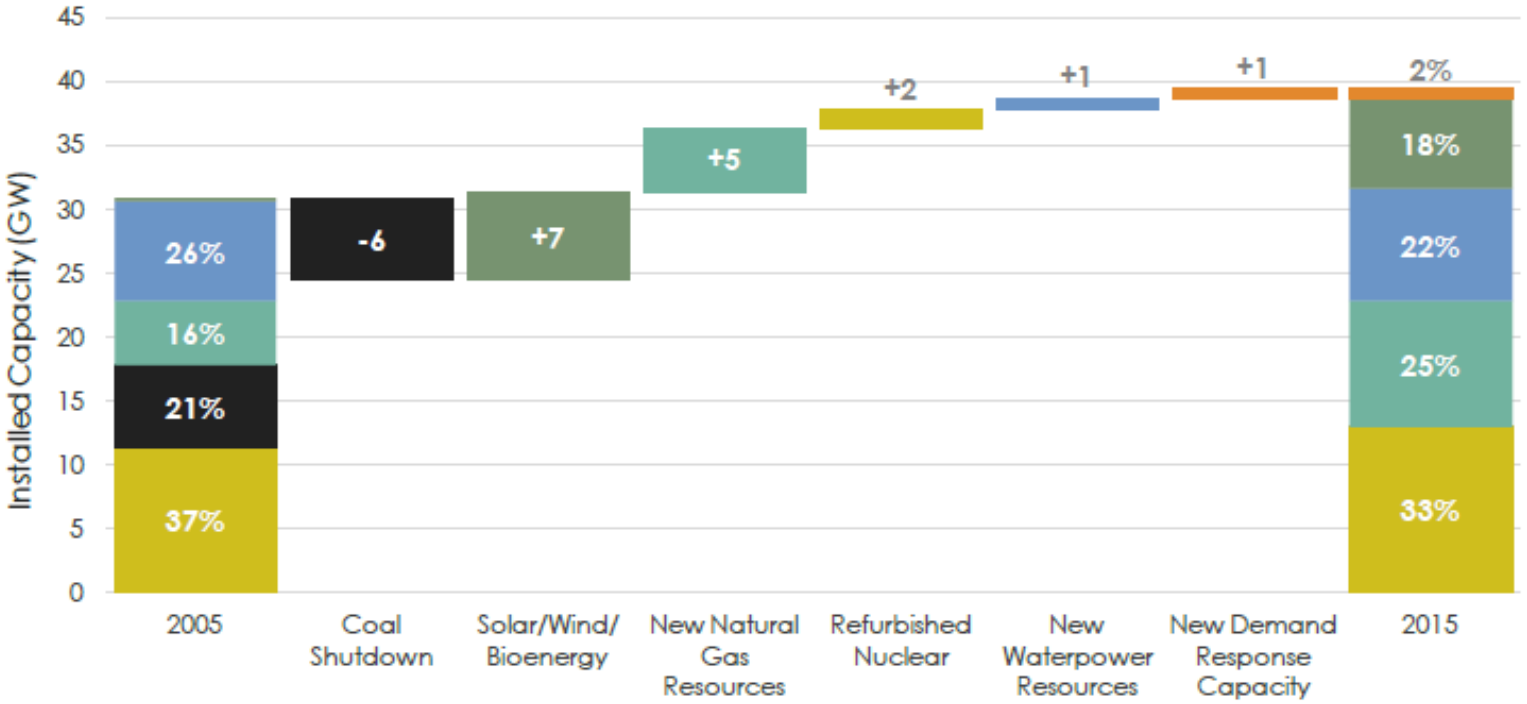
GA: The "Global Adjustment" accounts for differences between the market price of electricity and the rates paid to regulated and contracted generators and for conservations programs. The GA is collected from all electricity rates payers in Ontario

HOEP: Hourly Ontario Electricity Price.

Source: IESO

Context: Significant Change in Supply Mix

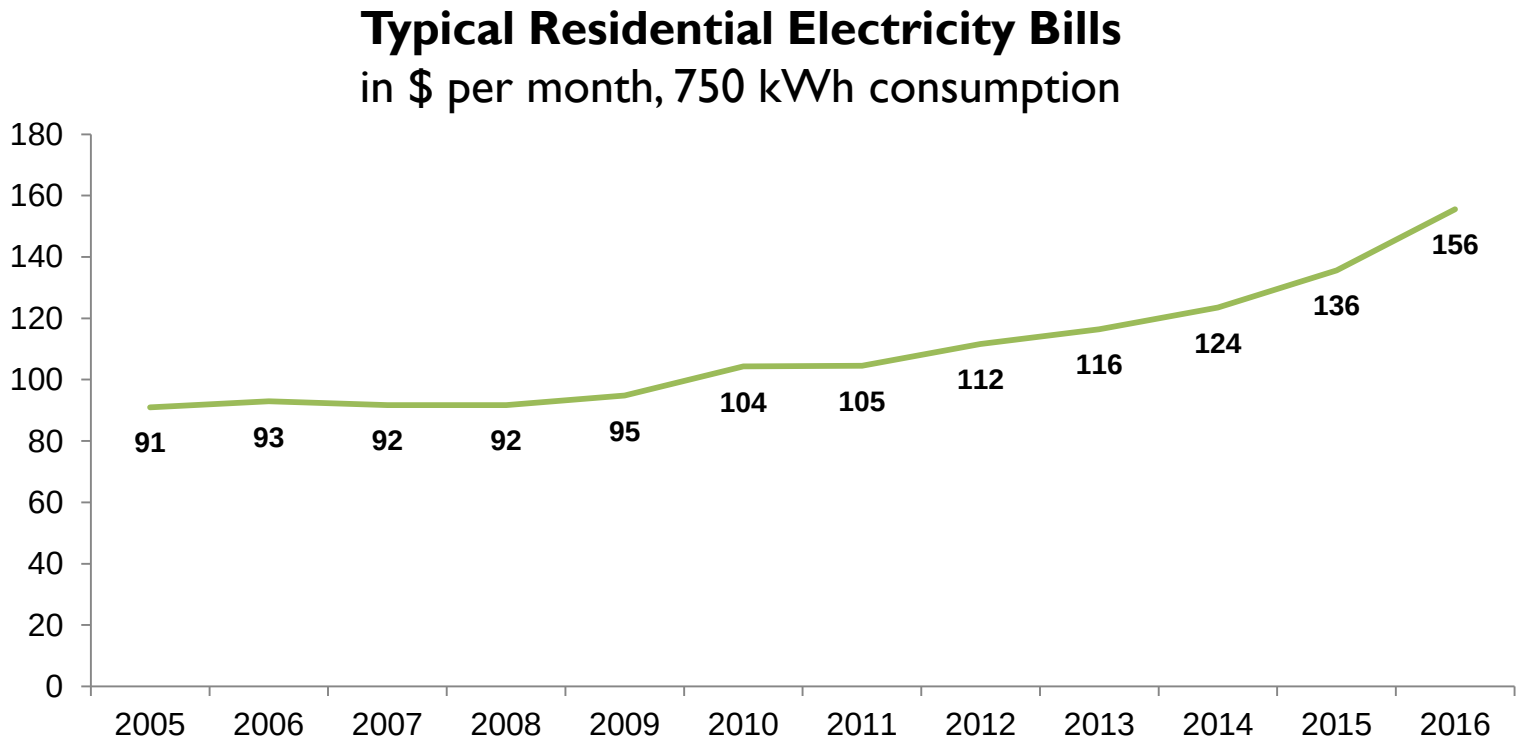
- Between 2005 and 2015, government invested more than $50 billion in the electricity system, including $35 billion in electricity generation to restore reliability, replace coal and meet environmental objectives.
  - Electricity costs are increasing as necessary investments are made to decarbonize and modernize the province's electricity infrastructure.



Source: IESO

Context: Electricity Prices Have Increased

- Since 2010, electricity prices have increased at a rate higher than the Consumer Price Index (CPI).



Source: Ministry of Energy

Overview:
Ontario's Fair Hydro Plan

Overview:
The Ontario Fair Hydro Plan ("OFHP")

- On May 31, 2017, the government passed the Ontario Fair Hydro Act, 2017, to enable the implementation of the OFHP, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).

- The measures that make up the 25 per cent average reduction include
  - Refinancing a portion of the Global Adjustment (GA) to allocate fairly the costs of Ontario's contracts for electricity infrastructure investments over the expected lifecycle of the generation infrastructure assets.
    - The Global Adjustment recovers a portion of the commodity supply and conservation costs of electricity.
  - The Ontario Rebate for Electricity Consumers, for an amount equal to the provincial portion of the HST, which took effect on January 1, 2017.
  - Shifting funding of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection (RRRP) program from electricity ratepayers to the province.

- People with low incomes, those served by local distribution companies (LDCs) with the highest distribution costs, OESP recipients and On-Reserve First Nation households would benefit from even greater reductions to their electricity bills.

Overview:
The Ontario Fair Hydro Plan (cont'd)

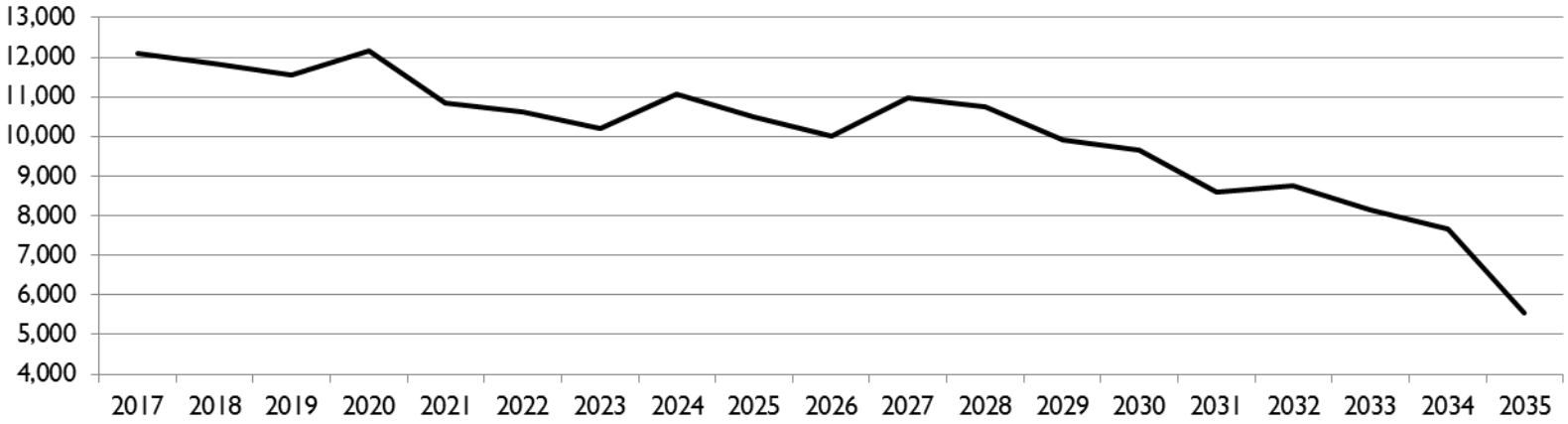
- Other measures that make up the Fair Hydro Plan include
  - Expanding the Industrial Conservation Initiative (ICI) to include electricity consumers, in the manufacturing and certain other sectors including greenhouses, with an average monthly peak demand of greater than 500 kW and less than 1 MW.
  - Expanding the OESP, by providing 50 per cent more support in the form of monthly credits for people with low incomes and increasing eligibility, effective May 1, 2017.
  - Establishing an Affordability Fund that will be accessible to LDCs for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance.
  - Providing on-reserve First Nations households with a 100 per cent credit of the delivery line on their monthly electricity bills.
  - Enhancing the Rural or Remote Rate Protection (RRRP) program to provide distribution charge relief to about 800,000 customers and shift costs from ratepayers to provincial revenues. This would include customers served by local distribution companies (LDCs) with the highest rates.
  - Improving energy sector efficiency and modernize the province's electricity market, building on the collaboration of the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
- The government-funded measures (OESP, RRRP, on-reserve credits and the Affordability Fund) have been estimated to cost the government about $2.5 billion in the first three years (and would have an on-going annual cost to government).

Refinancing the Global Adjustment

Refinancing the Global Adjustment

- Refinancing the Global Adjustment (GA) provides significant and immediate rate relief by spreading the cost of electricity investments over a longer period of time.
- Under forecasts provided by the Ministry of Energy at the time of the OFHP announcement in March, the immediate reduction (i.e., the financed portion) in the GA would be about $2.5 billion per year on average over the first ten years.
- This measure would share the associated costs more fairly. The illustrative chart below shows how Global Adjustment (GA) cost is front-end loaded and forecast to decline over time.
- Energy and IESO forecasts are subject to update, including as part of the Ministry of Energy's current Long-term Energy Plan update process.

Forecast Global Adjustment Cost (nominal $ million)



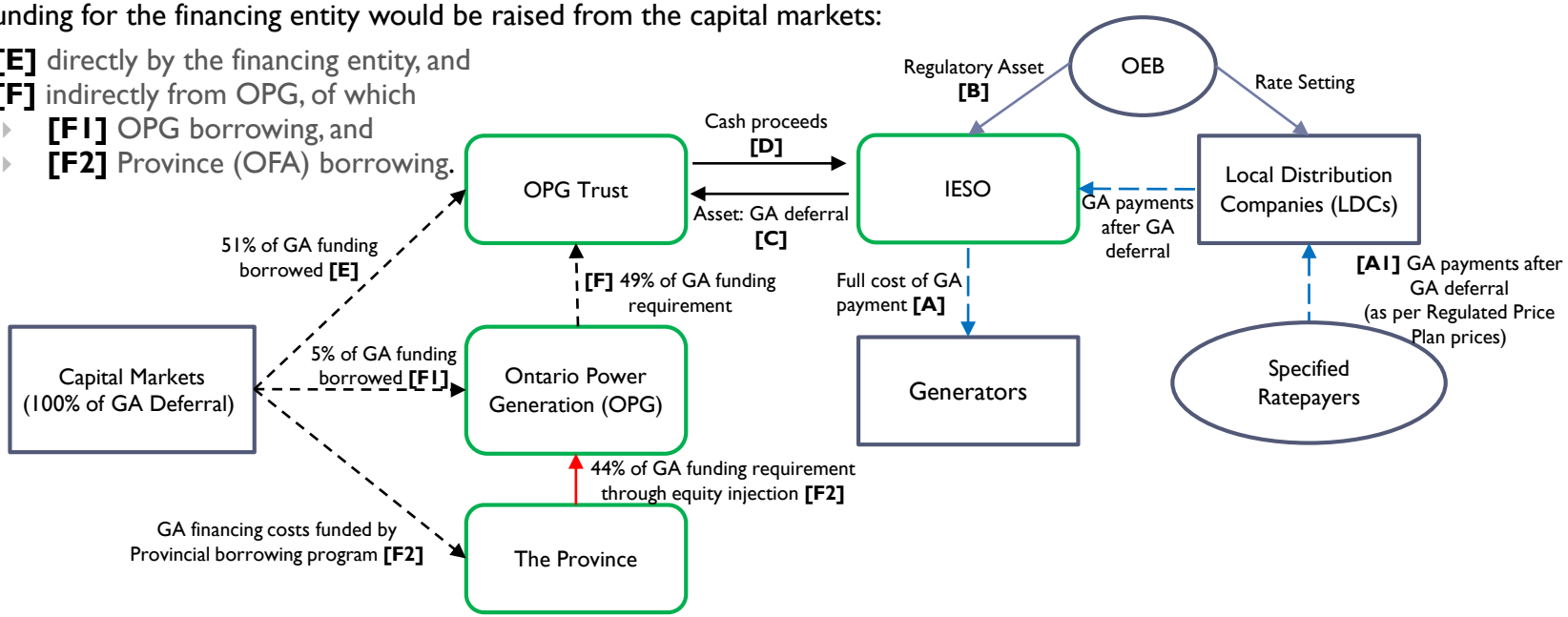
Source: IESO

Global Adjustment Financing: Policy Rationale

- The purpose of the Global Adjustment refinancing is to
  - Ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers
  - Recognize that clean energy benefits have accrued and will accrue over time and will continue to benefit present and future electricity consumers in the Province, and
  - Align clean energy costs with clean energy benefits, in order to provide fairness for specified consumers over time.
- The majority of the province's electricity generators are under 20-year contracts. Many of these generators will be able to operate past their contract term.
- By recognizing that generation assets are expected to continue to provide benefit to future ratepayers, beyond the term of current contracts, future ratepayers are expected to be able to utilize these assets and reduce the need to finance the development of new generation assets.
- In the early years, a portion of the costs covered by the GA would be financed to reduce pressure on electricity ratepayers.
- In the later years, when some system costs are expected to be reduced due to continued operation of existing assets under 20-year contracts, the cost of financing would be recovered from ratepayers through a "Clean Energy Adjustment".

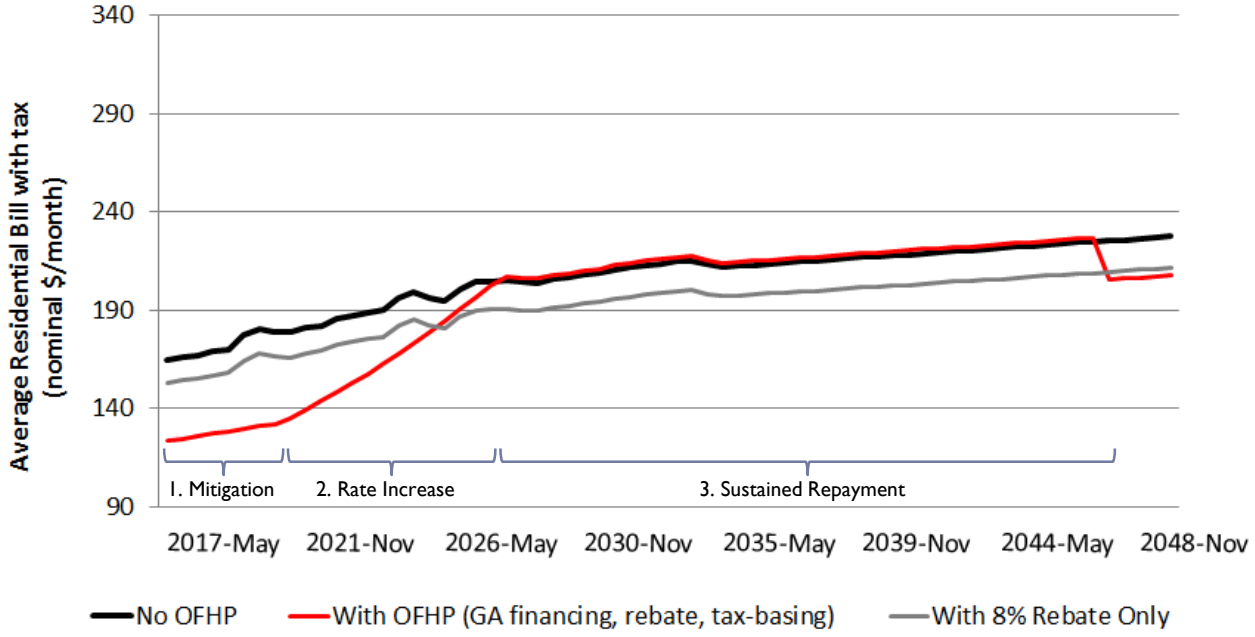
GA Financial Structure

- Through the OFHP, GA costs, including refinancing costs, will be recovered from ratepayers over a longer period of time.
  - The GA refinancing framework will be implemented through the IESO and Ontario Power Generation (OPG).
  - Under the OFHP, OPG would be able to establish a special purpose vehicle (OPG Trust) financing entity.
- **[A]** Under the OFHP, the IESO will continue to pay generators their contracted and regulated prices. **[A1]** However, LDC payments will be less, as Regulated Price Plan prices are set based on a portion of the GA deferred in order to support the initial 25% reduction (and subsequent adjustments).
- **[B]** The IESO will set up a deferral account, vis a vis a 'regulatory asset', with a right to recover the deferred costs and financing costs, as authorised by the OEB.
- **[C]** Under the Act, the Independent Electricity System Operator (IESO) would be able to sell the 'right to collect' deferred future revenue from ratepayers to the financing entity in return for cash proceeds **[D]**.
- The funding for the financing entity would be raised from the capital markets:
  - **[E]** directly by the financing entity, and
  - **[F]** indirectly from OPG, of which
    - **[F1]** OPG borrowing, and
    - **[F2]** Province (OFA) borrowing.



Global Adjustment Financing

- GA Financing structure and bill impacts can be thought of as having three phases (see illustrative chart below)



Phase 1: Mitigation

- 2017 residential bill 25% on average lower than original projection (pre-8% Ontario Rebate for Electricity Consumers).
- Increase in bill capped to 2% per year until 2021.

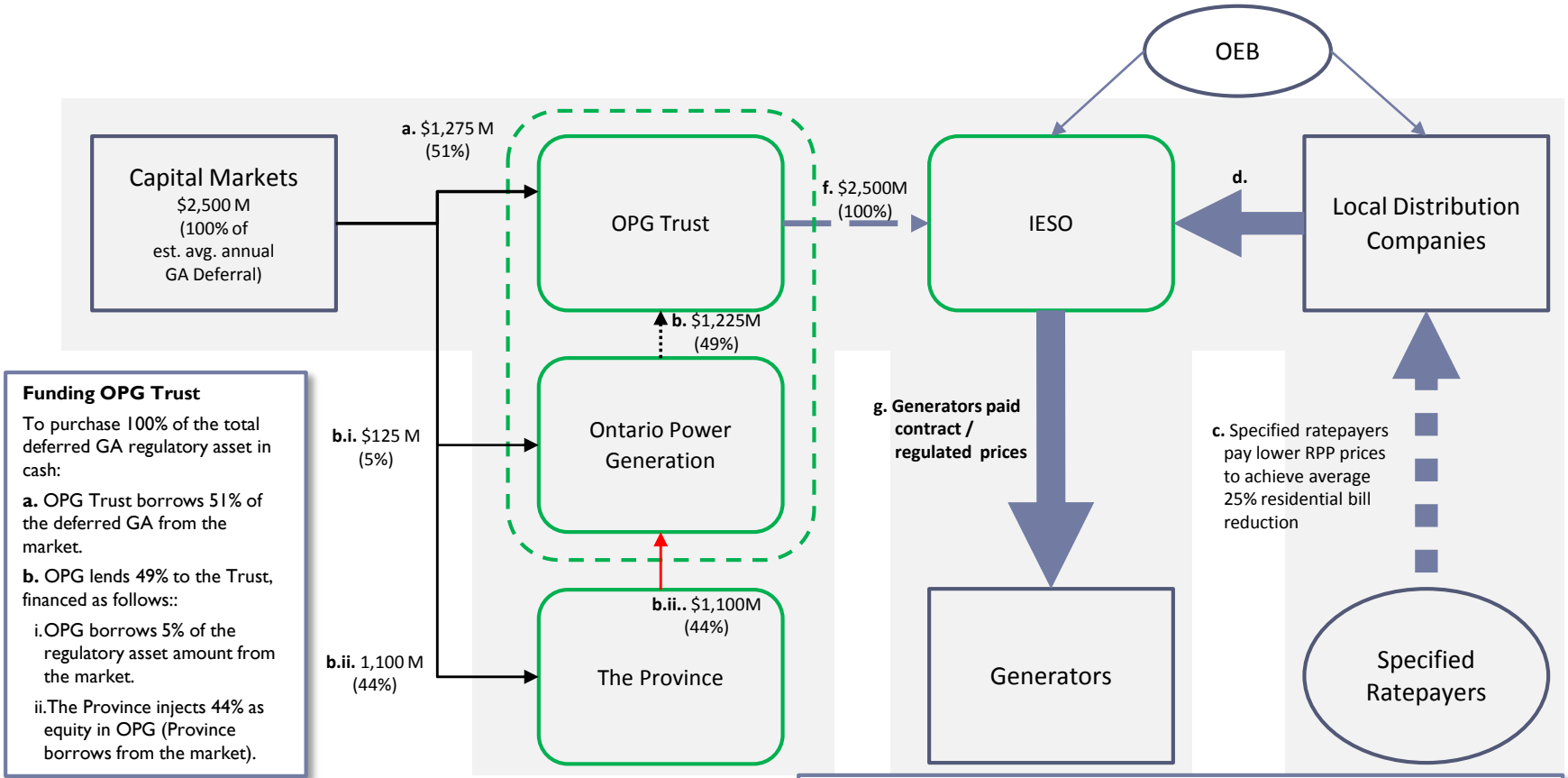
Phase 2: Rate Increase

- Residential bills continue lower than without the OFHP; however, not by 25% on average.
- Bill increases each year, limiting overall deferral and borrowing.
- Planned increases for the above purpose projected to end in 2028 when sustained repayment starts.

Phase 3: Sustained Repayment

- Bill higher than projection, excluding the GA deferral, until 2047 (estimated).
- Difference between with OFHP (red) and 8% rebate (grey) only represents recovery of deferred GA and financing.

GA Financing Structure: Illustrative Fund Flows* - Mitigation Phase



Funding OPG Trust

To purchase 100% of the total deferred GA regulatory asset in cash:

a. OPG Trust borrows 51% of the deferred GA from the market.

b. OPG lends 49% to the Trust, financed as follows::

i. OPG borrows 5% of the regulatory asset amount from the market.

ii. The Province injects 44% as equity in OPG (Province borrows from the market).

Deferral Mechanism

c. Specified ratepayers pay RPP prices, including the non-deferred portion of the GA to LDCs.

d. The LDCs remit this amount to the IESO ...

e. …The IESO recognizes a regulatory asset – the right to collect the deferred amount, and a financing cost, from ratepayers in the future.

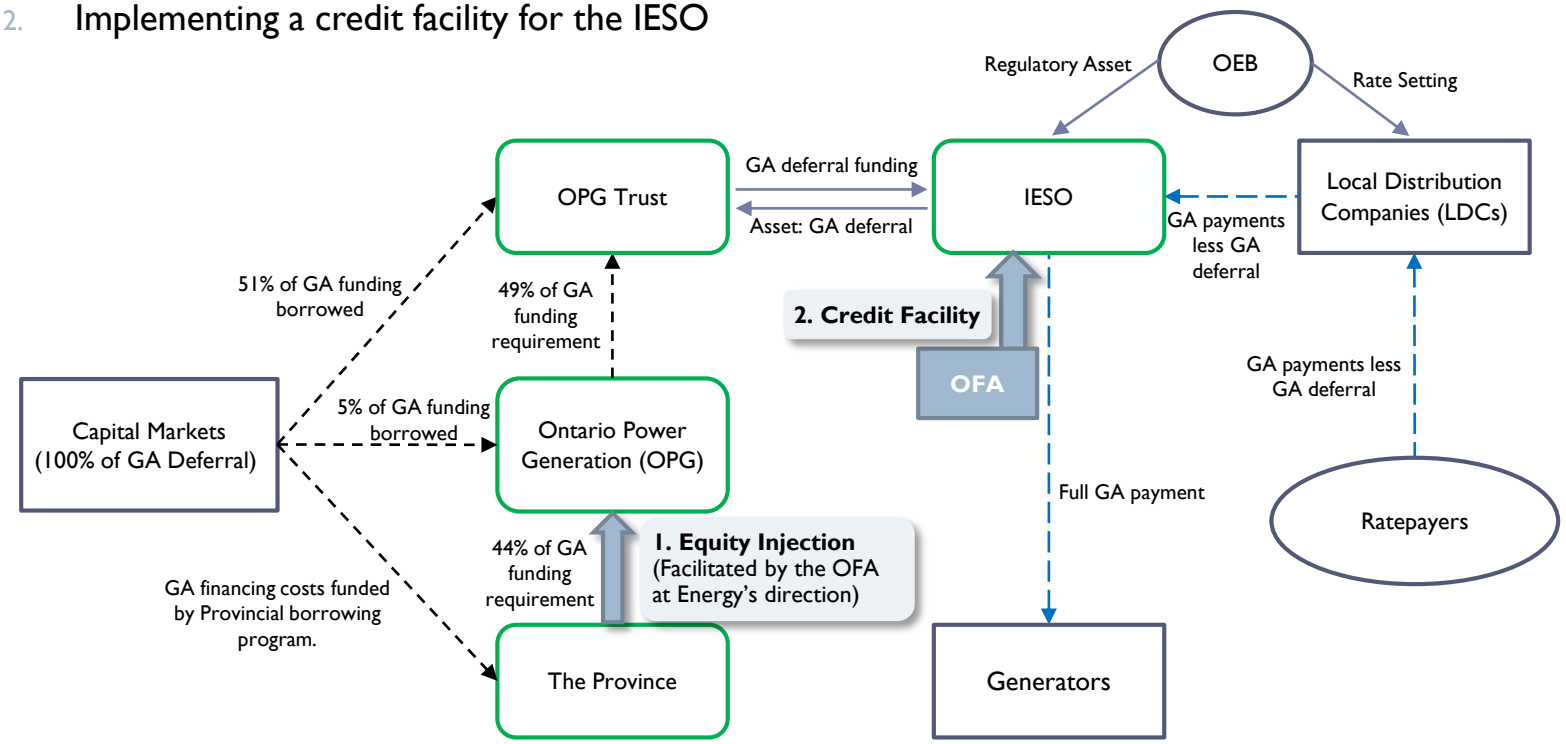
f. IESO sells this asset for cash to OPG Trust.

g. IESO uses the proceeds from the sale of the regulatory asset and the collection amount from LDCs to pay the full amount of the GA cost to Generators (and conservation costs).

* Amounts are illustrative and based on an assumed deferred cost, or regulatory of $2.5 billion.

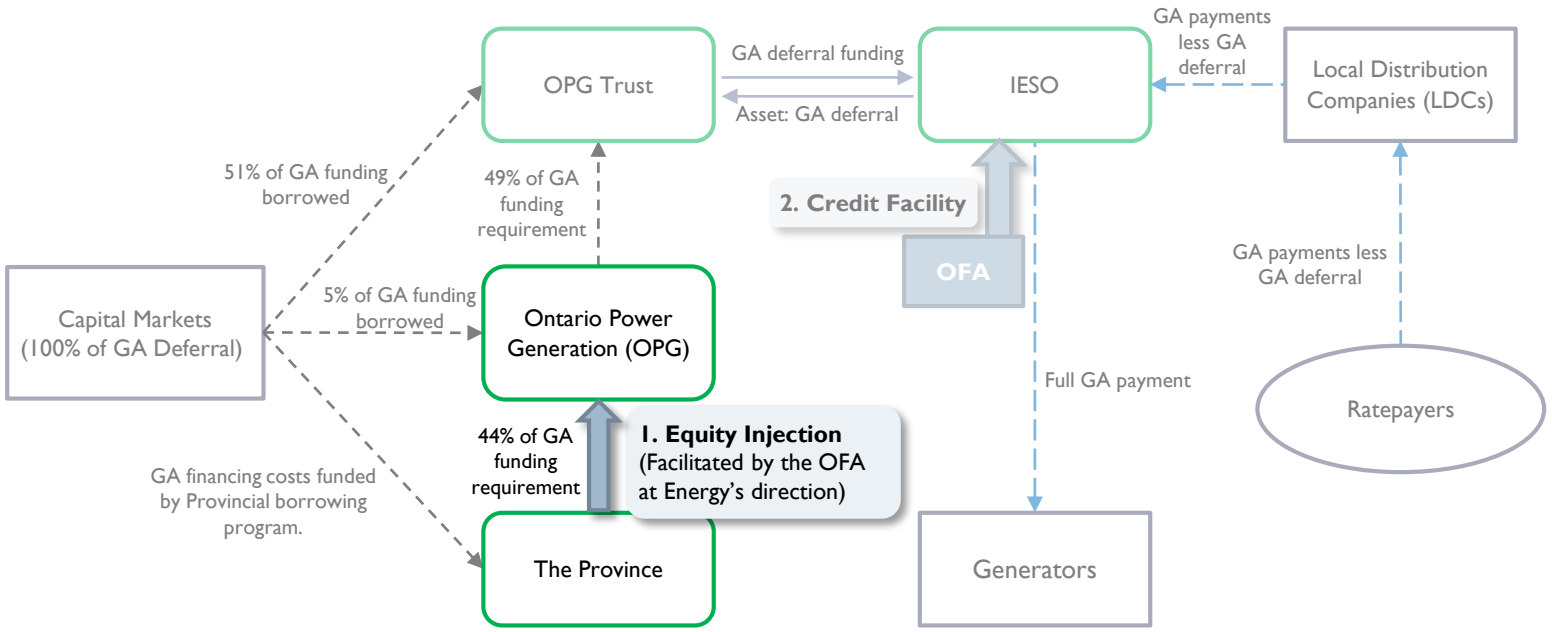
OFA Involvement with FHP Implementation

- Two aspects of the GA Financing:
  1. Facilitating the mechanism for equity injections into Ontario Power Generation. Ministry of Energy as shareholder has received an appropriation through the Treasury Board process for an operating asset expenditure to acquire the equity.
     - OFA would also be managing the Provincial borrowing program, including to support the equity injection.
  2. Implementing a credit facility for the IESO



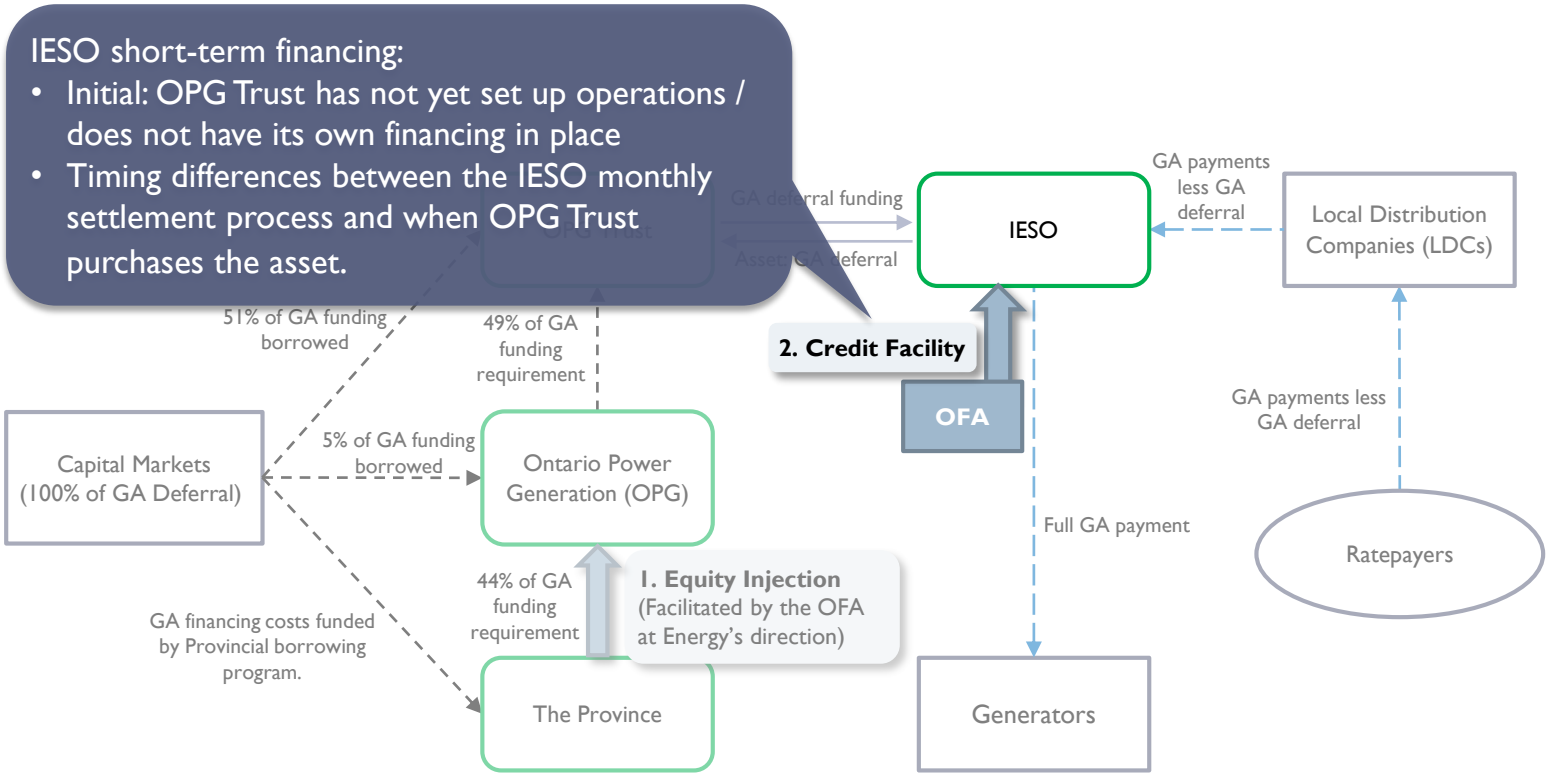
1. Equity Injection

- The 2017 Budget includes in the Ministry of Energy Estimates an investment operating asset of $1.1 bn related to the Province's equity injection to OPG. OPG would provide financing to the Trust through sub-ordinated debt, as part of the OPG Trust financing to regularly purchase IESO's regulatory asset through 2017-18.
- The structure would
  - increase gross debt of the Province (to finance the equity injection in OPG),
  - increase net investment in OPG (so no net debt impact),
  - increase interest on debt related to that external debt, which
  - on consolidation into Public Accounts, would be offset by increased earnings of OPG from sub-debt interest revenue.



2. OFA/IESO Credit Facility

- The Fair Hydro Act, 2017 provides for the IESO to sell the right to recover those deferred amounts of the global adjustment from specified consumers in the future (the "regulatory asset").
- It is anticipated that the regulatory asset would be purchased by the financing entity to be established by OPG ("OPG Trust"). The cash received would be used by the IESO to fund the current Global Adjustment deferral shortfall.



Risks / Cost Sensitivities

Global Adjustment Refinancing Model Assumptions

- Projected Global Adjustment Refinancing costs are affected by actual system costs and consumption, and actual interest rates.
- Variances from these key assumptions could affect actual refinancing costs, etc.

- Interest rates
  - Higher/lower Interest rates would lead to higher/lower refinancing costs
  - For example, a 1.5 percentage point lower interest rate assumption, compared to an illustrative 5% case used by the Ministry of Energy, would halve estimated cumulative interest costs, from about $21 bn to $11 bn.

- Electricity demand
  - Lower/higher electricity demand due to fewer consumers or lower/higher consumption among some consumers would increase/decrease Clean Energy Adjustment costs for remaining consumers.

- System Costs
  - Ministry of Energy is developing the updated Long-term Energy Plan (LTEP), expected to be released in about summer 2017. The LTEP is expected to include measures to continue to reduce system costs.
  - Actual system costs are expected to also be affected by other factors, such as the Ontario Energy Board rate application process.

Appendix

GA Financing: Illustrative Net Debt Impacts

Province of Ontario - Consolidated Statement of Financial Position

As at March 31, 2016 ($ Millions)		**GA Financing Impacts Est. Average Annual**
Liabilities		
Accounts Payable and Accrued Liabilities (Schedule 5)	19,361	
Debt (Note 2)	327,413	**1,100**
Other Long-Term Financing (Note 4)	14,145	
Deferred Revenue and Capital Contributions (Note 5)	10,779	
Pensions and Other Employee Future Benefits (Note 6)	12,107	
Other Liabilities (Note 7)	4,905	
	388,710	
Financial Assets		
Cash and Cash Equivalents	13,600	
Investments (Note 8)	21,765	
Accounts Receivable (Schedule 6)	11,059	
Loans Receivable (Schedule 7)	11,545	
Other Assets	1,936	
Investment in Government Business Enterprises (Schedule 9)	23,572	**1,100**
	83,477	
Net Debt	(305,233)	**0**
Non-Financial Assets		
Tangible Capital Assets (Note 9)	102,536	
Accumulated Deficit	(202,697)	

- Increased borrowing required to fund equity injections.
- Provincial debt will increase.

- Equity injections increase investment in OPG

- Offsetting impacts lead to zero net debt impact

From:	Sarah Harris
To:	Lisa Stein; William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:50:55 PM
Attachments:	FHP credit facility agreement draft June 23, 2017.docx

Oops. Here's the attachment.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Thanks, Lisa.

I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.

As such, I only have one comment box left as an inquiry for IESO.

I cleaned up one typo, and the title on the Grid Note was in the wrong place.

Will – Would you please format the grid note to be on one page and resend to us.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Please see attached with a few additional tweaks. Please let me know if you would like to discuss further.

Thanks,

Lisa

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and- any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERA~~R~~TOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

Formatted Table

~~Credit Facility Grid Note~~

From:	Lisa Stein
To:	Sarah Neville
Subject:	FW: Credit facility
Date:	Monday, August 21, 2017 10:22:12 AM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v12Clean3.docx DIRECTIVE Aug 16 (vAug18LisaMallesSignedOff)_clean Alternate vWOWatermark_vFinalClean.docx

FYI –update on this file

From: Bruno Amara
Sent: Monday, August 21, 2017 8:44 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Credit facility

Hi

The attached were signed off by Ron and Gadi Friday afternoon. The sign-off package was sent to Malle.

Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

OFA -- IESO CREDIT FACILITY
MINISTER OF FINANCE DIRECTIVE FOR AN EXEMPTION FROM THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE")
REQUIRED UNDER THE OFA'S LENDING POLICY

CONTEXT

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility (currently provided under the "Original Credit Facility Agreement", see Background section) from the current $975 million to $475 million.

On June 29, 2017, the OFA received a directive from the Minister to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an intercept provision in the OFHP Credit Facility agreement with the IESO, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA:

  > Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.

- The OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to exclude intercept provisions from the OFHP Credit Facility Agreement, as well as the Original Credit Facility Agreement, both of which may be amended from time to time.

- The requested Intercept Exemption Directive would only apply to the two specified IESO credit facilities.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the Original Credit Facility Agreement and the OFHP Credit Facility agreement, both as amended from time to time, from the OFA Lending Policy requirement to include an intercept provision.

RATIONALE FOR EXEMPTION

- This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility (to be amended from the current $975 million facility).

- Including an intercept provision in the credit facility agreements with the IESO would have no practical usefulness as the IESO receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of having the Intercept Exemption Provision.]

BACKGROUND

<u>The IESO</u>

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.

- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.

- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

- The IESO is a public body for the purposes of CIPA.

OFA Credit Facilities to the IESO

- Pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28, 2016, the Minister of Finance ("Minister") approved and directed the Ontario Fiancing Authority ("OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes.

- Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act*, *1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

- Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

- The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 18, 2017

DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

Effective January 1, 2015, the Ontario Power Authority (the "OPA") and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

Pursuant to directives dated December 22nd, 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, December 18th, 2013, and November 28th, 2016, the Minister approved and directed the OFA to make loans (the "Advances") to the OPA and the IESO after the Amalgamation from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA and IESO after the Amalgamation to meets its purposes.

Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 2015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support the IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

Pursuant to a directive from the Minister dated June 29, 2017 (the "2017 Directive"), the OFA was directed to provide a new revolving credit facility of up to $2 billion to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the OFHP Act (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature for a public body.

The IESO is a public body for the purposes of CIPA.

As there is no operational funding appropriated by the Legislature for the IESO, the intercept provision has no application for OFA loans to the IESO.

Therefore:

The OFA is not required to include an intercept provision in the following two credit facility agreements with the IESO:

a) the Original Credit Facility Agreement, as may be amended from time to time; and,
b) the OFHP Credit Facility agreement, as may be amended from time to time.

(together, the "IESO Credit Facility Agreements")

The IESO Credit Facility Agreements shall remain subject to all other terms and conditions as set out in the applicable directives.

Dated , 2017

Minister of Finance

Per _____

The Honourable Liz Sandals

President of Treasury Board

Alternate for the Minister of Finance

From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 9:53:22 AM
Attachments:	Directive IESO FHP 2017 v2.docx

Perhaps we can discuss sometime today?

From: Salman Qadir
Sent: Tuesday, June 13, 2017 4:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi Lisa/all,

Thanks for this. I've provided some feedback and comments to some of the language in the directive. Hopefully you're okay with the changes. Might be worth discussing together if there are any remaining decision points on the language.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 3:56 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Directive IESO FHP 2017.docx

Hi all, I have re-drafted the directive re: IESO OFA credit facility (attached, with comments). Please review and let me know if you would like to discuss further. I note that the draft directive requires that the credit agreement between the IESO and the OFA must contain terms and conditions consistent with the directive. It also refers to the draft OIC.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Lisa Stein; Sarah Harris; Caroline Swerdlyk
Subject:	FW: Draft Amending Agreement No. 10
Date:	Thursday, September 07, 2017 3:39:44 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Markup Sep7.docx

Hello Victor,

As discussed, the extension date of the existing $475 million Revolving Credit Facility to align with the FHP Revolving Credit Facility will be deferred to a future amended and restated agreement. We have included minor edits. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will – we have reviewed OFA's draft of Amendment #10 and only have a very few comments, which I have inserted in the attached for your review/consideration, mostly just addressing drafting inconsistencies and the like.

The one substantive proposal we would make is that the termination date for this $475MM revolving loan be extended beyond the current end-date of December 31, 2019 (as stipulated in Amending Agreement #9) to be aligned with the end-date of the FHP Credit Agreement which is September 30 2022. If agreed, it would require minor amendments to sections 2.4 and 5.1(b) of the Agreement. FYI, such a change would be within the scope of the authorization provided by IESO's board resolution.

Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 31, 2017 4:33 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: Draft Amending Agreement No. 10

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days'

notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note"**). The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [VB1]: NOTE – consider changing ultimate repayment date to later than December 31, 2019 to align with FHP dates.

Commented [WT2R1]: Discussion with Victor to update this in a future restated agreement.

Formatted: Font: Bold

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid ~~or re-paid~~ by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form ~~of the grid note~~ attached hereto as Schedule 3 (the **"Grid Note")** and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new ~~grid promissory note~~Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

Commented [WT3]: Victor, – Is this deletion more accurate? The original language is consistent with the draft FHP credit facility agreement

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Commented [A4]: As of August 21, 2017. IESO to confirm.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

~~**Election Notice**~~**I. ELECTION NOTICE**

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

~~Borrowing Notice~~**II. BORROWING NOTICE [to be included if applicable]**

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the **"Grid"**)~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note ~~Note~~ together with all interest accrued thereon shall become due and payable as specified in the c~~C~~redit a~~A~~greement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). ~~All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Commented [VB5]: The term "Note" is not defined in the Agreement as far as I can tell, having checked all amendments. It occurs 6 times on this page. In the 2nd para, the term "grid promissory note" is also used and means the same thing. These should be consistent. "Note" should be defined, or we could use "Grid Note" throughout, but again it's preferable for it to be defined in some manner.

Commented [LS6]: "Grid Note" now defined in s. 3.2 of Credit Agreement.

Commented [VB7]: The original 2005 agreement is not defined as or entitled "Credit Agreement", so this occurrence should be lower case.

Commented [WT8R7]: agreed

Commented [LS9]: "Grid Note" now defined in s. 3.2 of Credit Agreement.

By:_____

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Shajee Kathirgamanathan
Cc:	Sarah Harris; Sarah Neville; Lisa Stein; Caroline Swerdlyk; Bruno Amara
Subject:	FW: Draft Amending Agreement No. 10
Date:	Wednesday, September 06, 2017 5:04:03 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Draft Aug 18 (Aug 31 markup) IESO ….docx

Hello Shajee,

As part of the existing OFA IESO Revolving Credit Facility Amending Agreement No. 10 to reduce to $475 million (from $975 million), IESO has requested to extend the agreement expiry date from December 31, 2019 to September 30, 2022 to align it with the new FHP $2 billion Credit Facility. From an OEFC perspective, do you have any concerns regarding this? FYI subject to the new directive being signed we anticipate that the Amending Agreement No. 10 and FHP Credit Facility to be signed by Friday.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will – we have reviewed OFA's draft of Amendment #10 and only have a very few comments, which I have inserted in the attached for your review/consideration, mostly just addressing drafting inconsistencies and the like.

The one substantive proposal we would make is that the termination date for this $475MM

revolving loan be extended beyond the current end-date of December 31, 2019 (as stipulated in Amending Agreement #9) to be aligned with the end-date of the FHP Credit Agreement which is September 30 2022. If agreed, it would require minor amendments to sections 2.4 and 5.1(b) of the Agreement. FYI, such a change would be within the scope of the authorization provided by IESO's board resolution.

Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 31, 2017 4:33 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: Draft Amending Agreement No. 10

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

Commented [VB1]: NOTE – Amending Agreement#9 added a definition of "IESO" to the Agreement – this change is just to be consistent with that definition.

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

Commented [VB2]: NOTE – consider changing ultimate repayment date to later than December 31, 2019 to align with FHP dates.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid ~~or re-paid~~ by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new grid promissory note

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Commented [A3]: As of August 21, 2017. IESO to confirm.

delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

MT DOCS 14791871

Commented [VB4]: The term "Note" is not defined in the Agreement as far as I can tell, having checked all amendments. It occurs 6 times on this page. In the 2nd para, the term "grid promissory note" is also used and means the same thing. These should be consistent. "Note" should be defined, or we could use "Grid Note" throughout, but again it's preferable for it to be defined in some manner.

Commented [VB5]: The original 2005 agreement is not defined as or entitled "Credit Agreement", so this occurrence should be lower case.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Neville; Sarah Harris; Lisa Stein
Subject:	FW: Draft Amending Agreement No. 10
Date:	Thursday, August 31, 2017 2:25:34 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18 (markup).docx

Hello Caroline,

I have spoken to Anthony and he has requested to update the existing credit facility agreement ($975 million down to $475 million) to have the same option to roll-over principle and interest. Risa Thau had no concerns from an accounting and operational standpoint. Mike Manning and James Devine also had no concerns from a Capital Markets perspective. Please include the language in the Amending Agreement No. 10 to reflect this.

I have updated the Grid note be appear the same as the FHP Grid Note. I have reviewed you're changes to the Amending Agreement No. 10 and have no other comments.

Thanks,

Will

From: Caroline Swerdlyk
Sent: Thursday, August 31, 2017 11:58 AM
To: William Tan ; Sarah Harris
Cc: Sarah Neville
Subject: Draft Amending Agreement No. 10

Hello,

Please find attached draft changes to Amending Agreement No. 10. I worked from the document that Will emailed to the IESO on August 18 at 3:18pm which Lisa shared with me. Please let me know if you have any comments/questions/changes or would like to discuss.

This draft updates all of the Schedules to the Agreement. We also thought it would be prudent to align the language in the related sections of the Agreement. If you are forwarding this to the IESO, please let them know that this is the reason for the scope of the changes that have been included.

I also wanted to flag that Mike Manning's new title should be used on any documents that he signs (Executive Director & Chief Investment Officer).

Thanks,

Caroline

Caroline Swerdlyk
Legal Counsel
ext. 5-8141

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; ~~and~~ (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

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"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

~~1.~~2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42[**Insert amount outstanding as of date of execution**].~~

Commented [A1]: Moved to the end to allow schedule references to remain consistent with Credit Agreement

~~3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.~~

3. The following definitions are added to Section 1.1 of the Agreement

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(4), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

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(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest

for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the principal amount of the proposed Continued Advance; (c) the total amount of accrued and outstanding interest on the Advance to be paid, and the amount of principal (if any) to be repaid, by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The total amount of accrued and outstanding interest on the Advance and any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

Commented [A2]: Note: this is new and the rest of the subsection is in the current agreement. Change is made to clarify that interest is repayable on the Repayment Date and only principle amount can be rolled over

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A3]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Pparties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, ~~_____~~Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED FORM OF GRID NOTE~~ FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [A4]: Changed "aggregate" to "principal". This is the only substantive change to this form.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of the principal amount an Advance or a Continued Advance, as the case may be, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The principal amount of the proposed Continued Advance is $_____;

(c) (i) The IESO will pay on the Current Repayment Date all accrued and outstanding interest on the Advance in the amount of: $_____;

(ii) The IESO will pay on the Current Repayment Date principal in the amount of: $_____; [being any portion of the Advance not continued for a further period in accordance with this Notice]

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

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Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	**Principal Advanced or Rollover Amount**	**Interest Rate**	**Repayment Date**	**Total No. Of Days**	**Interest Amount**	**Actual Repayment**	**Principal**	**Interest**	**Actual Repayment Date**	**Actual No. Of Days**

~~**[NTD – TO BE UPDATED AT EXECUTION]**~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	"Victor Buza"
Cc:	Sarah Harris; Lisa Stein; Anthony Martinello
Subject:	FW: Draft Amending Agreement No. 10
Date:	Monday, September 11, 2017 3:03:35 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Sep10.docx OFA IESO Amending Agreement No 10 (clean & blackline).docx

Hello Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 4:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Sarah and Lisa – per our email exchanges earlier this afternoon, see comments/ minor fixes in the attached.

I accepted the changes and removed the comments from the version that Will sent yesterday in the preceding email, so any comments or changes remaining are new.

Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 07, 2017 3:40 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris; Caroline Swerdlyk
Subject: FW: Draft Amending Agreement No. 10

Hello Victor,

As discussed, the extension date of the existing $475 million Revolving Credit Facility to align with the FHP Revolving Credit Facility will be deferred to a future amended and restated agreement. We have included minor edits. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will – we have reviewed OFA's draft of Amendment #10 and only have a very few comments, which I have inserted in the attached for your review/consideration, mostly just addressing drafting inconsistencies and the like.

The one substantive proposal we would make is that the termination date for this $475MM revolving loan be extended beyond the current end-date of December 31, 2019 (as stipulated in Amending Agreement #9) to be aligned with the end-date of the FHP Credit Agreement which is September 30 2022. If agreed, it would require minor amendments to sections 2.4 and 5.1(b) of the Agreement. FYI, such a change would be within the scope of the authorization provided by IESO's board resolution.

Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 31, 2017 4:33 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: Draft Amending Agreement No. 10

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a

Continued Advance

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the ~~grid promissory note~~Grid Note~~e~~ (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such Advances~~advances~~ and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [WT1]: Amended as per Victor's comment.

Commented [WT2]: Amended as per Victor's comment.

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A3]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Commented [VB4]: Change of reference

Commented [WT5R4]: Amended as per comment.

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per~~By~~: _____

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Name:
Authorized Signatory

Commented [WT6]: Consistent with Schedule 1 & 2 formate and FHP.

Commented [WT7]: Removed Excel grid lines.

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	**Principal Advanced or Rollover Amount**	**Interest Rate**	**Repayment Date**	**Total No. Of Days**	**Interest Amount**	**Actual Repayment**	**Principal**	**Interest**	**Actual Repayment Date**	**Actual No. Of Days**

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the ~~grid promissory note~~Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) ~~the outstanding principal amount of the Grid Note.~~Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [VB1]: See comment on similar FHP language and make consistent between documents.

Commented [VB2]: Same as "Advances Outstanding"?? Or is this different?

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

Commented [VB3]: Leave as is

Commented [A4]: As of August 21, 2017. IESO to confirm.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY	**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
Per: _____ Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Per: _____ Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Commented [VB5]: Change of reference

Commented [WT6R5]: Amended as per comment.

Commented [VB7]: Change of reference

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (th **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place o business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

This Grid Note shall be governed by and interpreted and enforced in accordance with the laws of th Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

~~**By:**~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Per: _____

Name:

Authorized Signatory

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Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

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From:	Kelly Listoe
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:34:50 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges.doc IESO FORM OF BORROWING NOTICE (1).docx

Hi Lisa

This is the last version of the RCL that was sent to IESO yesterday.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:30 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Victor

Attached is a revised draft of the revolving facility amendment incorporating our legal department comments. Please review and provide suggested definitions pursuant to Lisa Stein's comments, which are self explanatory. Other than that, your suggestions have been accepted.

A new form of borrowing notice is attached as well.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, April 24, 2017 4:45 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Kelly. Anthony asked me to assist with finalizing the draft amending agreements you forwarded for the operating and note facilities maturing this month.

Attached are marked-up versions of these amending agreements indicating our proposed revisions to the agreements. Please feel free to contact me if you have any questions concerning the attached documents.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 12, 2017 11:05 AM
To: Anthony Martinello
Subject: Draft Amending Agreements

Hi Anthony:

Please find attached the draft agreements for the operating and note facilities maturing at month end.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein) ; and costs related to the market renewals program;

Commented [LS1]: This is used throughout. I recommend defining throughout and using defined term throughout. Speak to to IESO regarding this definition.

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time) , other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

Commented [LS2]: Is this referring to Ontario's Fair Hydro Plan, as referred to below? If so, as per my comment below, I recommend defining this term and using it here as well.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

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Commented [LS3]: This should be defined; please add definition above

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7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

SCHEDULE 1 TO AMENDING AGREEMENT NO. 6

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416-204-7920)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO refers to the Revolving Credit Facility Agreement dated April 23, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is •;
(b) The aggregate amount of the Proposed Advance is •;

[**IESO confirms that the $• Advance due and payable on • will be rolled.**]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for ~~the following purposes:~~

~~(1) *<indicate amount and purpose of funds requested>*~~
~~(2)~~ ~~*<indicate amount and purpose of funds requested>*~~IESO Corporate Requirements.

Formatted: Normal, No bullets or numbering, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

From: John Kim
To: Lisa Stein
Cc: Sarah Neville; Ken Kandeepan; Anna Strathy; Sarah Harris; William Tan; Gavin He; Bruno Amara
Subject: FW: Energy"s PRRT
Date: Tuesday, October 17, 2017 1:36:43 PM

Hi Lisa and everyone,

Along with comments from Ken over the weekend, just circling everyone in on the latest information from TBS. Pls. advise if your assessment changes but to me, TBS appears to be advising that Green ON Fund is not IESO's operation expense/allocation but allocation from MOECC to Green ON Fund.

Also, IESO staff have thus far signalled positively on the letter agreement. We are potentially looking about 2 days to conclude the process.

One caveat is that OPG is requesting that the trust be given first priority/security over all IESO assets. While the issue is still being discussed, if this is to proceed, the IESO will have to amend its current facilities. I would consider this almost as a separate issue in that if the scenario plays out, then we would need to look at and potentially open up all existing facilities.

John

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Tuesday, October 17, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Energy's PRRT

John, I checked with our MOECC analyst, Green ON Fund is an agency of MOECC and is flowing funding to IESO.

James

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 13, 2017 4:49 PM
To: Strang, James (TBS)
Cc: Skubel, Chris (TBS); Malekzadeh, Afshin (TBS); Bruno Amara; He, Gavin (OFA)
Subject: RE: Energy's PRRT

Hi James,

The Green ON Fund…am I correct to think that this is also not part of IESO's operating expense/allocation? As for the items below (for Energy), it is a program expense facilitated through the IESO?

Thanks,

John

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Friday, August 18, 2017 1:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

You are correct.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 1:28 PM
To: Strang, James (TBS)
Cc: Skubel, Chris (TBS); Malekzadeh, Afshin (TBS); Bruno Amara
Subject: RE: Energy's PRRT

Thanks. OREC is not IESO's operating expense/allocation, right? It's a program expense facilitated through the IESO.

Agree?

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Friday, August 18, 2017 1:19 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

Sorry for the delay, had to dig in the email archives.

There is no IESO allocation in Printed Estimates. There is an OREC transfer payment. In the 17-18 PRRT workbook for OREC is the following:

- Electricity utilities are reimbursed by submitting and receiving claims which are netted against their other monthly transactions from the IESO, and the IESO submits and receives one monthly amount from the Ontario Financing Authority on behalf of the Ministry of Energy – this process is streamlined and leverages an already existing reimbursement process, thereby minimizing costs.

The second attachment, email, contains the consolidation worksheet from OPCD. For IESO, I don't see any Transfer Payment flows in from the Province.

From: John Kim [mailto:John.Kim@ofina.on.ca]

Sent: August 18, 2017 12:57 PM
To: Strang, James (TBS)
Subject: RE: Energy's PRRT

Is there a way to quickly see if any allocations were made for the IESO? Whichever way is good. We just want to confirm there is no appropriation for the IESO's operation or operating expense.

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Friday, August 18, 2017 12:55 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Energy's PRRT

So do you want the final minutes, their submission, the assessment note?

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 12:55 PM
To: Strang, James (TBS)
Cc: Bruno Amara
Subject: RE: Energy's PRRT

Last year's?

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Friday, August 18, 2017 12:54 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

20-18-19 PRRT hasn't started as yet.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 12:53 PM
To: Strang, James (TBS)
Cc: Bruno Amara
Subject: Energy's PRRT

Hi James,

Hope all's well.

Can you share Energy's approved PRRT? Have some urgent stuff we are dealing with.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch

Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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From: William Tan
To: "Victor Buza"
Cc: Sarah Harris; Lisa Stein; Anthony Martinello
Subject: FW: Exchange of Grid Notes
Date: Wednesday, November 22, 2017 1:39:43 PM
Attachments: IESO RRRP Grid Note Nov 21.2017.pdf
IESO Fair Hydro Plan Grid Note Nov 21.2017.pdf
IESO RPP Grid Note Nov 21.2017.pdf

Hello Victor,

Anthony and I discussed that after the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received, OFA will send the $975MM cancelled prom note to IESO.

Attached are the grid notes for you reference. Please send the prom note addressed to me below.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 22, 2017 12:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Exchange of Grid Notes

Hi Will. I understand from Anthony that the November advances etc have now occurred under the new FHP line of credit and the 2005 line of credit.

Just wanted to check in with you on arranging for the exchange of the Grid Notes regarding the 2005 line of credit i.e. we will provide to OFA the new $475MM Note in exchange for the return to us of the old $975MM Note.

Let me know what your standard practice is.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Ontario Financing Authority

Line of Credit Grid Note

Entity : IESO

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Nov-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Nov-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$6,155.37	$0.00	$6,155.37	21-Sep-2017	31
21-Sep-2017	$9,841,878.70	1.2500%	20-Oct-2017	29	$9,774.47	$9,774.47	$0.00	$9,774.47	20-Oct-2017	29
20-Oct-2017	$10,649,081.37	1.2500%	21-Nov-2017	32	$11,670.23	$11,670.23	$0.00	$11,670.23	21-Nov-2017	32
21-Nov-2017	$11,556,384.24	1.2300%	20-Dec-2017	29	$11,293.60	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : IESO

Project: Ontario Fair Hydro Plan

Schedule of loan transactions to: 21-Nov-2017

Loan Limit: 2,000,000,000.00

Loan Advanced to: 21-Nov-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
21-Nov-2017	$1,005,562,526.55	1.2300%	20-Dec-2017	29	$982,696.31	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : IESO

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Nov-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$338,578.91	$0.00	$338,578.91	21-Sep-2017	31
21-Sep-2017	$604,963,600.47	1.2500%	20-Oct-2017	29	$600,820.01	$600,820.01	$0.00	$600,820.01	20-Oct-2017	29
20-Oct-2017	$825,639,102.00	1.2500%	21-Nov-2017	32	$904,809.97	$826,543,911.97	$825,639,102.00	$904,809.97	21-Nov-2017	32

From: Lisa Stein on behalf of William Tan
To: Tobias P. Whitfield (MOF); Bruno Amara; Sarah Harris; Lisa Stein
Subject: FW: FHP - next steps

-----Original Appointment-----
From: William Tan
Sent: Friday, August 11, 2017 11:45 AM
To: William Tan; Sarah Harris; Lisa Stein
Subject: FHP - next steps
When: Friday, August 11, 2017 2:30 PM-3:15 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom CM

Hello all,

I thought we should meet to plot out the following:

1. MOF Legal update (if Toby provides Lisa with an update prior to this meeting).
2. Status update message to IESO. (general message, timeline, temporary use of the $975 million CF etc.)
3. Go over FHP Agreement and when to provide draft to IESO.
4. Next steps.

Thanks,

Will

From:	Sarah Neville
To:	Lisa Stein
Subject:	FW: FHP
Date:	Tuesday, October 24, 2017 2:09:59 PM

FYI – as discussed.

Sarah

From: Sarah Neville
Sent: Tuesday, October 24, 2017 1:23 PM
To: John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP

Hi John – The directive I'm referring to would be the second one, the directive to amend the existing facilities once the intercept was in place, should that be requested. That was Gadi's view, I think on the basis that it would be removing something at OPG's request after the intercept was already in place, rather than at first instance, and if we couldn't manage to obtain a directive it would lead to OPG having to borrow at a lower credit rating.

I think Anna has a better handle on the various dynamics at play between the various players which were underlying Gadi's concern. I noted these were issues better addressed by CEFD, just wanted you to be aware this had come up today as I expect this will move fast (hopefully) in the coming days.

Sarah

From: John Kim
Sent: Tuesday, October 24, 2017 12:47 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP

Hi Sarah,

The second paragraph action was taken, re: required approvals for amending the facility or facilities in place.

As for the third paragraph, you mention that obtaining a directive later will be more difficult than it would now. Which directive are you referring to? Are you referring to 1. The directive to exempt the intercept provision or 2. The directive to amend the existing facility or possibly facilities (if we have the FHP one executed in the next few days [TBD]). If both facilities are put in place and the situation calls for an amendment (#2) to grant OPG priority of payments/assets, why would there be

greater difficulty on reacting to a scenario that we do not have any certainty to as of this point in time.

Thanks,

John

From: Sarah Neville
Sent: Tuesday, October 24, 2017 12:40 PM
To: John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FHP

Hi John and Francisco –

By way of heads up, I just had my weekly with Gadi and he asked me about the FHP. I noted the time pressures and that both policy options were still on the table (directive/intercept) but that correspondence from this morning indicated IESO may be getting ready to include intercept as comments had been received on the tri-partite letter this morning.

We also discussed at a high level the OPG security request in respect of IESO assets, and I summarized our discussion from Friday and my advice to communicate to IESO (which advice was followed) that OFA can't make any representations that the agreements could or would be amended in the future, absent required approvals, should IESO wish to remove the intercept at a later date.

Gadi was somewhat concerned that if this option is pursued the OPG security issue should be resolved in advance of concluding the loan agreement with the IESO on the basis that in his view obtaining a directive later will be more difficult than it would be now. I am not sure this is possible given timing and I know we had canvassed this at our meeting last week so wanted to flag the concern Gadi raised for you so that you can address it as this moves through the decision making process.

Please let me know if you have any questions.

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Lisa Stein
To: Sarah Neville
Subject: FW: FHP AA No. 10 - Order of Events
Date: Friday, October 27, 2017 10:02:18 AM

FYI

From: William Tan
Sent: Friday, October 27, 2017 9:55 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP AA No. 10 - Order of Events

Hi Lisa,

Please put a hold on reviewing the internal and external checklists. I discussed the checklists with Sarah and we are going to simplify the communication with IESO.

Thanks,

Will

From: William Tan
Sent: Friday, October 27, 2017 8:49 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP AA No. 10 - Order of Events

Good morning Lisa,

Anthony has notified us of his intentions on Nov 21, to move the entire balance of $840mm + new advance, to the $2B credit facility. I have put together a timeline/checklist based on the aforementioned scenario in an effort to get everyone on the same page. You will notice that the FHP credit facility is set-up first to be available when the transfer is eventually ready to be done. The Amending Agreement No. 10 will be signed and reduced closer to the time of the transfer.

Please find the attached checklist outlining the order of events. I have also created a separate internal checklist. Please review both checklists so I may share the **EXTERNAL** checklist it with Anthony.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: Sarah Neville
Subject: FW: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 2:29:00 PM

Hi Sarah,

FYI – I've removed you from the e-mail chain for this file. Please let me know if you would prefer to be kept in the loop.

Thanks,

Lisa

From: Lisa Stein
Sent: Friday, July 28, 2017 2:28 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi William,

I have reviewed the revised draft and there are a couple of drafting points that I would like to discuss with Victor. I will contact him directly prior to sending you a further draft.

Thank you,

Lisa

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a

conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: FHP Credit Facility Agreement
Date:	Thursday, July 27, 2017 2:56:54 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v2.docx

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

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Victor

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Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion ~~Dollars~~ from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances or "Continued Advance" as defined in Section 3.3(1).

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2(1).

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment**" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

Commented [WT2]: To be confirmed.

"**Commitment**" means, at any time, an amount equal to $2 billion.

"**Consolidated Assets**" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance**" has the meaning specified in Section 3.3(1).

"**Credit Facility**" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Dollars**" or "**$**" means lawful currency of Canada.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

Commented [WT3]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

"**GAAP**" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"**Grid Note**" has the meaning specified in Section 3.2(2).

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" has the meaning specified in the Recitals to this Agreement.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

~~(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.~~

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Commented [WT4]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

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~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB5]: We defer to OFA Legal and Electricity Branch on this matter.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

~~**Section 2.8 Limit on Rate of Interest.**~~

~~(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).~~

~~(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Commented [WT6]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Section 2.8~~9~~ Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT7]: Changed for consistency. In italics in Schedule 3.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

Commented [JB8]: We defer to OFA Legal on this matter

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note- in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT9]: To be confirmed.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~ ~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the sServices (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally~~ ~~not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

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If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB10]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: FHP Credit Facility Agreement
Date:	Wednesday, July 26, 2017 3:50:37 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of ~~CAD~~ $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

~~**"Dollars"** or **"$"** means lawful currency of Canada.~~
"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP. ~~generally accepted accounting principles.~~

"Continued Advance" has the meaning specified in Section 3.3(1).~~means an Advance for which the IESO has elected to continue all or a portion of the principal amount of such Advance and any amount of interest on such Advance past the Repayment Date.~~

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"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2~~2.3~~.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Financing Entity" has the same meaning as "financing entity" as that term is defined in the OFHP.

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"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).~~a grid promissory note in respect of Advances substantially in the form of Schedule 3.~~

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"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” has the meaning specified in the Recitals to this Agreement.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially~~material~~ impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. ~~Generally accepted accounting principles refer to.~~

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Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act*~~Interest Act~~ (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the ~~Criminal Code~~*Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5~~7~~ days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance~~,~~; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5~~7~~ days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

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ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~,~~ insolvency, ~~,~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~r~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Bruno Amara
Cc: William Tan; Sarah Harris; Jean-Francois Beaupre
Subject: FW: FHP Credit Facility Agreement
Date: Wednesday, August 02, 2017 11:11:39 AM

Hi Bruno,

The e-mail chain below, and esp. the e-mail from Victor Buza (IESO) may shed some light on your questions, specifically with respect to the "permitted liens" and the negative pledge. Please review and then let me know if you would like to discuss further.

Thank you,

Lisa

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 9:09 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

Further to our call yesterday, we are fine retracting the comment about the criminal rate of interest and maintaining this language. Also, the intention is not to secure the $2 billion revolving credit facility agreement against any IESO assets but I think it would be helpful to confirming this with Victor just to be sure. We reviewed sections 3.3(5) and 4.6 again and do not believe IESO would be offside so long as this revolving credit facility agreement was treated equally with all other unsubordinated obligations. As we are not aware which IESO liabilities may be secured against assets and who may have a priority claim against these assets, we think the language should remain as is. What we do know is that only that certain types of liens will be permitted under this agreement. The language we commonly use for the Province to describe this type of debt is: "direct, unsecured, unsubordinated obligations".

Happy to discuss further and we will make the changes to the form of notices once we received your revised draft.

Best regards,

JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm just on another call. Can you call me around 4 on my cell?

From: Jean-Francois Beaupre
Sent: Monday, July 31, 2017 3:45 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP Credit Facility Agreement

Hi Lisa,

I can give you a call now from my cell if that works for you?

Thanks,
JF

On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Are you available for a brief call to discuss later this afternoon or tomorrow morning?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Friday, July 28, 2017 2:55 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
>
> Hi Lisa,
>
> Thanks for your email. Would it be possible to raise this item with Victor when you speak with him? We do not have the exact definitions of RRRP and RPP as they relate to the FHP and it is our position that IESO may be in a better position to define these. Opal and I discussed this yesterday and felt that the references to RRRP and RPP should be included in the form of notices seeing how we already account for these separately for interest tracking purposes under the existing $975M agreement.
>
> Many thanks,
> JF
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, July 28, 2017 2:49 PM
> **To:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement

Hi JF,

I'm in the process of working on the latest draft and I'm waiting to speak to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me?

Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.

Thanks,

Lisa

From: Jean-Francois Beaupre
Sent: Thursday, July 27, 2017 5:04 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.

Happy to discuss further.

Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-

Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of “Permitted Liens” to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of “Permitted Liens” is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology “cash flow timing differences” does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of “Advances” should probably also include Continued Advances where an Election Notice is used (though I didn’t make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it’s entirely possible that I am simply missing something here.

I didn’t know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein on behalf of William Tan
To: Tobias P. Whitfield (MOF); "Victor Buza"; Anthony Martinello; Lisa Stein; John Kim; Sarah Harris
Subject: FW: FHP Credit Facility Intercept Provision

-----Original Appointment-----
From: William Tan
Sent: Wednesday, October 04, 2017 12:10 PM
To: William Tan; 'Victor Buza'; Anthony Martinello; Lisa Stein; John Kim; Sarah Harris
Subject: FHP Credit Facility Intercept Provision
When: Thursday, October 05, 2017 11:00 AM-12:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom CM

Call-in details
(416) 933-3853
Conference ID: 2406927 followed by #
To reach an operator during the call press * 0

Best regards,

Will Tan| Documentation & Analysis Specialist
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca <mailto:william.tan@ofina.on.ca>

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From:	Caroline Swerdlyk
To:	Lisa Stein
Subject:	FW: FHP Credit Facility
Date:	Tuesday, September 05, 2017 9:47:45 AM
Attachments:	FHP credit facility agreement clean final Sept 1.docx FHP credit facility agreement blackline against last version to IESO.docx

Hi Lisa,

Welcome back!

There were some additional edits to the agreements last week related to the form of Election Notice. I have uploaded all my emails to the matter site. I didn't cc you on all my emails, but Will added you to most of his emails.

Once you have had a chance to settle in, do you want to have a quick call with Will and Sarah to talk about the current status of the agreements?

Thanks,

Caroline

From: William Tan
Sent: Friday, September 01, 2017 1:23 PM
To: 'Victor Buza' ; Anthony Martinello
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: FHP Credit Facility

Hello Anthony and Victor,

Please find the clean copy of the credit facility agreement and the blackline copy against the previous version with minimal changes. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 30, 2017 4:26 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:
Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of ~~August~~September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (~~h~~g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director—& Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

Commented [CS1]: Moved up to (b)

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated ~~August~~September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment Date	Principal	Interest	Actual Repayment Date	Actual No. Of Days
	Total Principal Advanced									

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:
Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Caroline Swerdlyk
Subject: FW: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:04:20 PM

Hi Caroline,

Actually any time after 1:30 pm this afternoon works for me for a call.

Thank you,

Lisa

From: Lisa Stein
Sent: Tuesday, September 05, 2017 10:28 AM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: FHP Credit Facility

Thanks Caroline. Are you able to arrange a call for around 3 pm this afternoon?

Thanks!

Lisa

From: Caroline Swerdlyk
Sent: Tuesday, September 05, 2017 9:48 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP Credit Facility

Hi Lisa,

Welcome back!

There were some additional edits to the agreements last week related to the form of Election Notice. I have uploaded all my emails to the matter site. I didn't cc you on all my emails, but Will added you to most of his emails.

Once you have had a chance to settle in, do you want to have a quick call with Will and Sarah to talk about the current status of the agreements?

Thanks,
Caroline

From: William Tan
Sent: Friday, September 01, 2017 1:23 PM

To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Credit Facility

Hello Anthony and Victor,

Please find the clean copy of the credit facility agreement and the blackline copy against the previous version with minimal changes. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 30, 2017 4:26 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 19, 2017 10:19:39 AM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc Comparison OFHP 2017 v. OPA 2005.docx OFA-OPA Original Credit Agreement.docx image001.png

For discussion

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein

Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding from the OFA to support the IESO's role in the implementation of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public

and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

~~ONTARIO POWER AUTHORITY~~

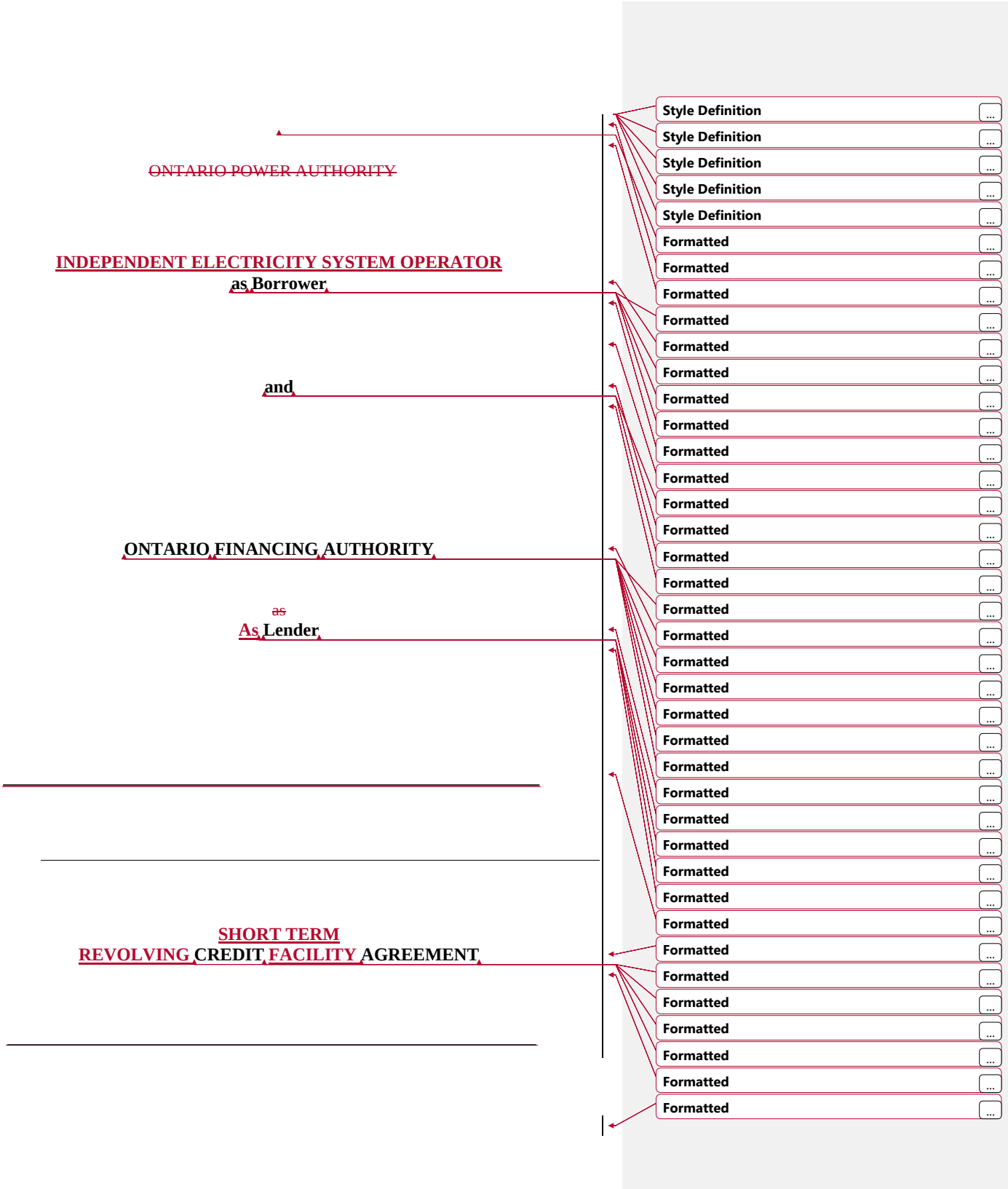
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

~~as~~
As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT



Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~**(·) day of** ~~January 2005, between:~~**July 2017,**

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("IESO") ~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~, a Crown agency established ~~-~~under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**“Advances**"**”** means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "“Advance"

” means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~ **"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3.~~.

"Permitted Liens" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ (c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of litigation~~of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

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

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

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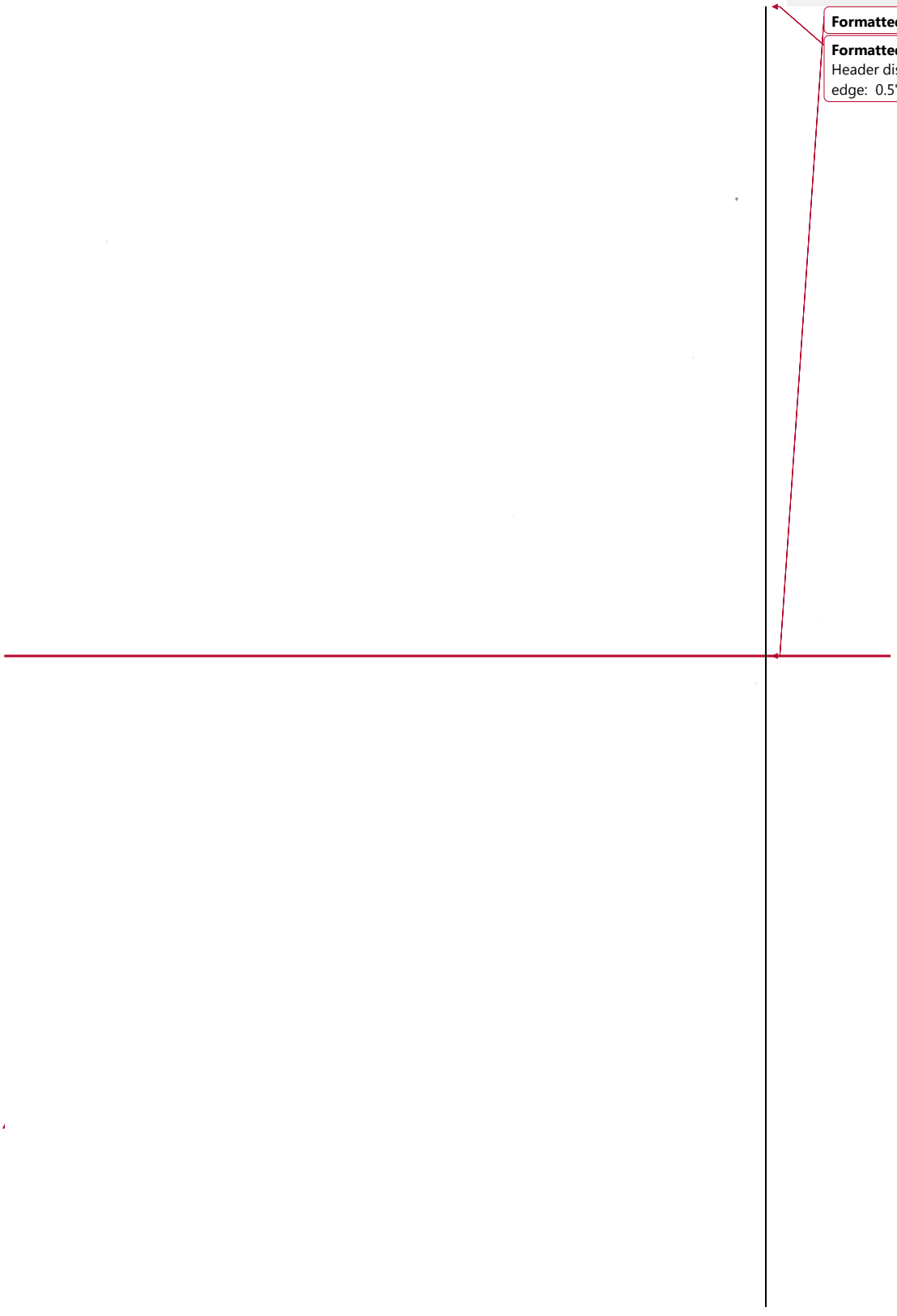

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998* (the "OPA")

B. ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs oflitigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. Ifthe OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) Ifthe OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

Ifproceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 **Delay or Omission not Waiver.**

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ?

GENERAL

Section 7.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 **Counterparts.**

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: --0+"-'-'-'

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) _ The aggregate amount of the Proposed Advance is_____
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is_____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: ...../L: ;.ZZWUL:;:.....

Rosalyn Lawrence
Authorized Signatory

Per: _____

Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Friday, June 16, 2017 7:12:52 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc Comparison OFHP 2017 v. OPA 2005.docx OFA-OPA Original Credit Agreement.docx image001.png

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the

recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding from the OFA to support the IESO's role in the implementation of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public

and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

~~ONTARIO POWER AUTHORITY~~

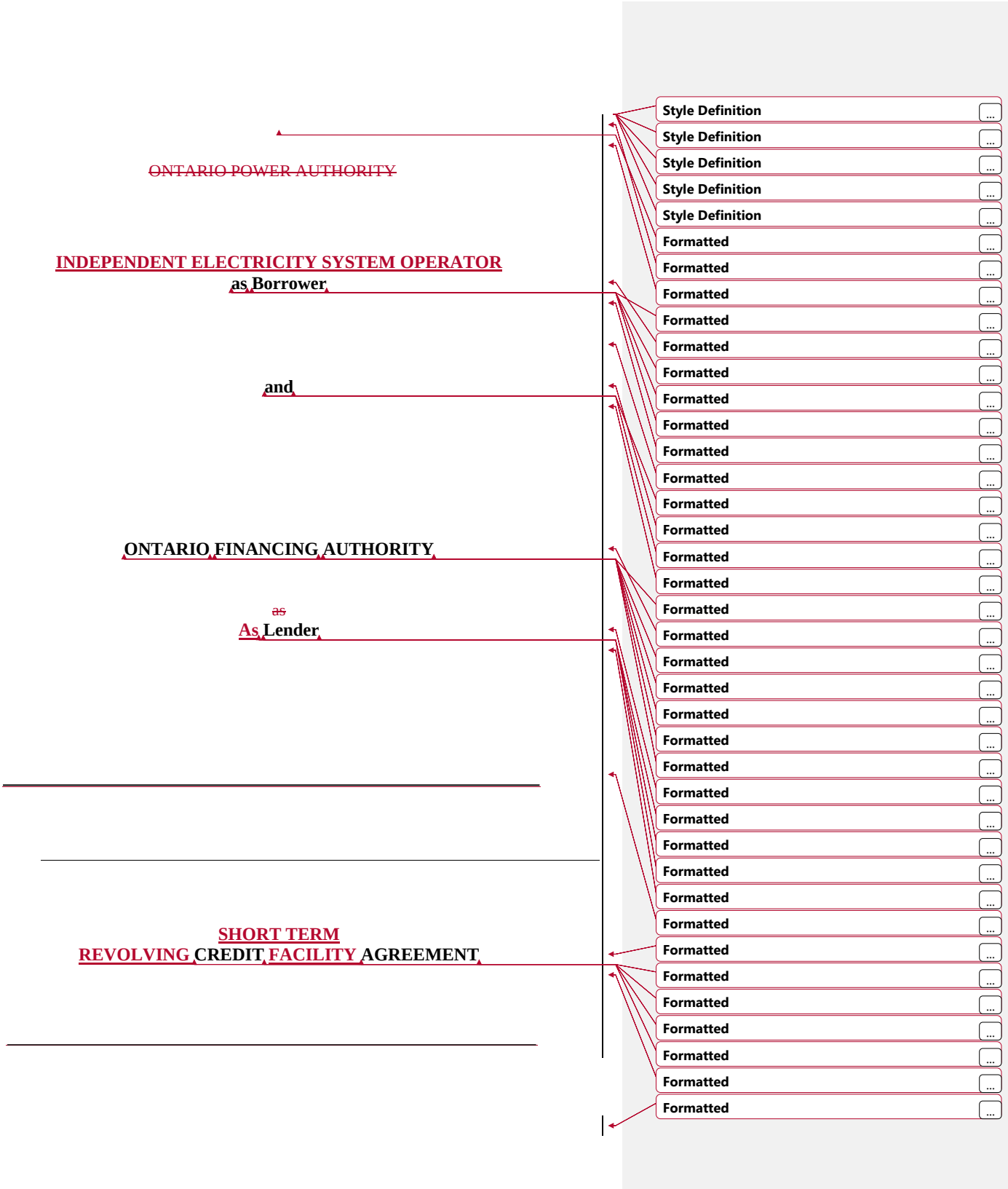
INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

~~as~~
As Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT



Date: July (·), 2017)

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~**(·) day of** ~~January 2005, between:~~**July 2017,**

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("IESO") ~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~, a Crown agency established ~~-~~under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the Ontario Fair Hydro Plan Act, 2017 (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**“Advances**"**”** means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "“Advance"

” means any one of such advances~~.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$"** means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

~~(a)~~ (a) every obligation of such Person for borrowed money;

~~(b)~~ (b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

~~(c)~~ (c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

~~(d)~~ (d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

~~(e)~~ (f) the Swap Termination Value of each Swap Contract of such Person; and

~~(f)~~ g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~ **"Note"** means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3.~~.

"Permitted Liens" means:

~~(a)~~ (a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

~~(b)~~ (b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

~~(c)~~ (c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

~~(d)~~ (d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of litigation~~of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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~~(g)~~ (g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

~~(h)~~ (h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

~~(i)~~ (i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated -organization or any government or agency or political subdivision thereof

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified

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date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~Commitment and Facility Limits.~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3~~ Use of Proceeds.

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998~~.~~, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short-Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer~~

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~~instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations~~ of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding ~~-~~any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid

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promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made ~~one~~two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

~~(1)~~ (1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ (2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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If the ~~Repayment Date of the Advance.~~

(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it.
~~in respect of Advances held by it.~~

Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

~~(a)~~ (a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

~~(b)~~ (b) that no Event of Default has occurred and is continuing;

~~(c)~~ (c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

~~(d)~~ (d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE ~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~ IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the

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business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

~~(a)~~ (a) the creation, incurrence or assumption of any Purchase Money Mortgage;

~~(b)~~ (b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

~~(c)~~ (c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), ~~(d)~~ (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

~~The OPA~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

~~(a)~~ (a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

~~(b)~~ (b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

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~~(c)~~ (c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~c)~~ d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f)~~ e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

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~~(g)~~ (f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches;

~~(i)~~ (i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

~~(ii)~~ (ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h) the OPA:~~

(g) the IESO or any Material Subsidiary :

~~(i)~~ (i) becomes generally not able to pay its debts as they become due;

~~(ii)~~ (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

~~(iii)~~ (iii) institutes or has instituted against it any proceeding seeking:

~~(A)~~ (A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee,

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custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

~~official for it or for any substantial part of its properties and assets) occurs; or~~

~~(iv)~~ (iv) takes any corporate action to authorize any of the actions in Sections 5.1 (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~If~~proceedings

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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~~(a)~~ (a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

~~(b)~~ (b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

~~(a)~~ (a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

~~(b)~~ (b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

~~(c)~~ (c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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~~(d)~~ (d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~-~~and Warranties

The representations~~-~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~2~~ 7~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

Attention: Chief ~~Executive~~Financial Officer

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Telephone: (416)969-6232
~~Telecopier:~~
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.
~~to this Agreement.~~

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

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

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~

Authorized Signing Officer

~~and:~~

~~Name: Riggs~~

~~ONTARIO FINANCING~~ HORITY

~~by:~~

~~Name:~~
~~Title:~~ ~~Gadi Mayman~~

Chief Executive Officer

ONTARIO FINANCING AUTHORITY

Per: Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~"~~"Proposed Advance~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; ~~[not more~~ [Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~]~~.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~ 204-7920

Ontario Financing Authority ~~("~~("OFA~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~"~~"Agreement~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and~~,~~ in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is ;
(b) The aggregate amount of the proposed election is $;
~~(a)~~ i. previous principal amount ~~of such Advance to be continued is $~~ $

ii. interest $

~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ . [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized -Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: -

FOR VALUE RECEIVED, ~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICITY SYSTEM OPERATOR **(the "~~OPA"),~~**

Company"), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie~~-~~ evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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~~DATE~~Date	~~PRINCIPAL RATE ADVMTCED~~Principal Advanced	~~REPAYMENT DATE AND PRINCIPAL REPAID~~Rate	~~INTEREST PAYMENT DATE AND AMOUNT~~Repayment Date and Principal Repaid	~~UNPAID PRINCIPAL BALANCE~~Interest Payment Date and Amount	~~NOTATION MADE BY~~ Unpaid Principal Balance	Notation Made By

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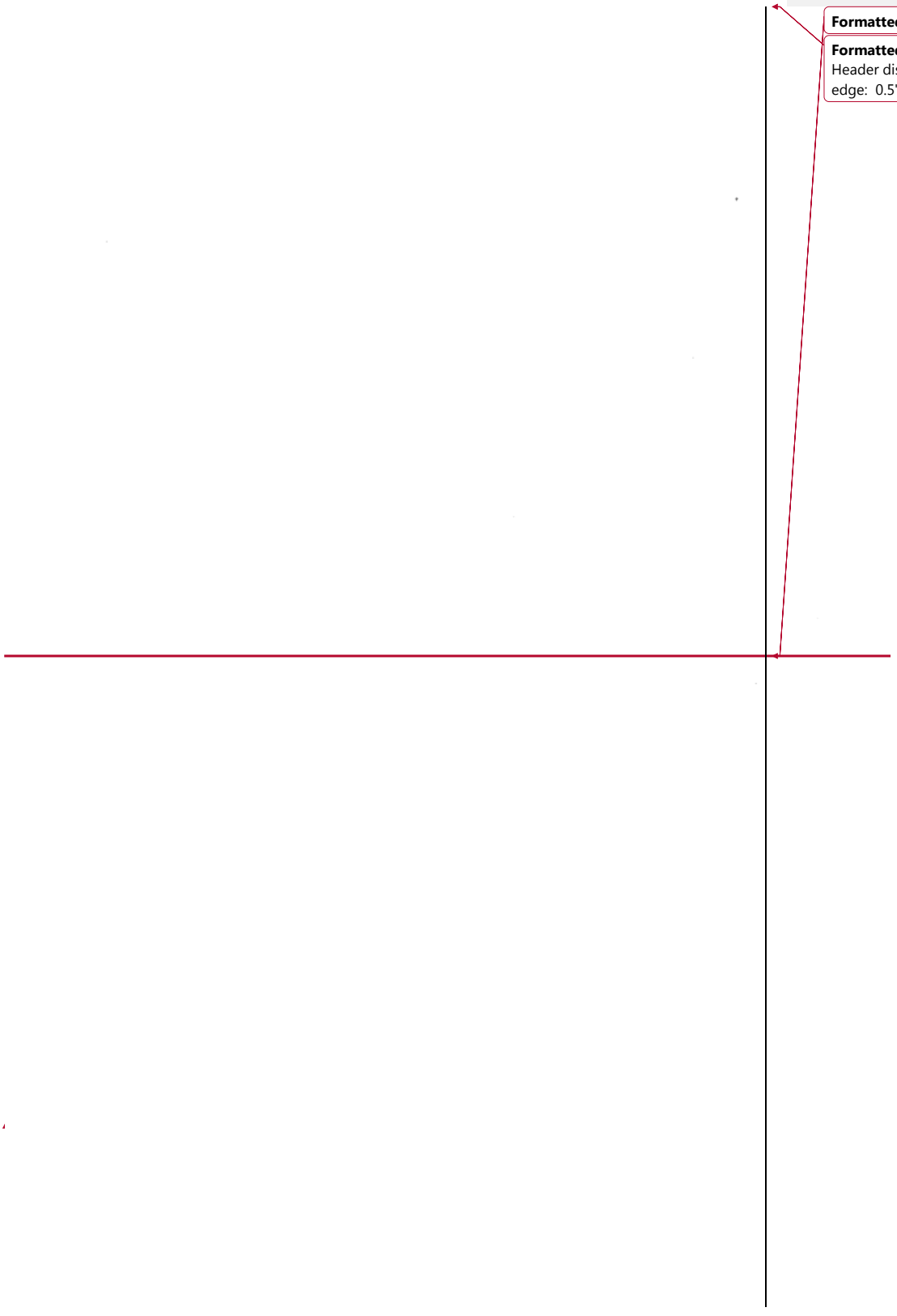

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998* (the "OPA")

B. ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs oflitigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. Ifthe OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) Ifthe OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

Ifproceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 **Delay or Omission not Waiver.**

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ?

GENERAL

Section 7.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 **Counterparts.**

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: --0+"-'-'-'

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) _ The aggregate amount of the Proposed Advance is_____
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash

Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is_____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: ...../L: ;.ZZWUL:;:.....

Rosalyn Lawrence
Authorized Signatory

Per: _____

Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Wednesday, June 14, 2017 9:56:30 AM
Attachments: FHP_IESO_OFA Credit Agreement (DRAFT).docx

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its funding shortfalls ~~: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").~~

~~The IESO has requested financing to fund short to medium term funding shortfalls~~ that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:~~Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.~~

~~The following terms and conditions shall apply in respect of the Line of Credit:~~
~~The Line of Credit shall be made for the purpose of providing IESO financing of short to medium~~

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~~term funding shortfalls in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*.~~

~~A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.~~

~~All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.~~

~~The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.~~

~~The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and to be entered into by the IESO and the OFA.~~

~~Pursuant to Orders in Council ####/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From:	Lisa Stein
To:	Joan Dougherty
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 10:30:34 AM

Hi Joan,

Are you able to locate the 2 directives below?

Thank you!

Lisa

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Lisa Stein
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Monday, June 12, 2017 9:19:45 PM
Attachments:	Certificate for OFA-OPA Amd. Agmt. No. 8.PDF OPA IESO Amendment No 9 (Executed).pdf

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From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

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Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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CERTIFICATE OF OFFICER

OF INDEPENDENT ELECTRICITY SYSTEM OPERATOR

(the "Corporation")

TO: Ontario Financing Authority (the "**OFA**")

RE: Credit Agreement dated January 1, 2005 between the Ontario Power Authority (a predecessor of the Corporation) and the OFA, as amended by the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8") (collectively, the "**Credit Agreement**")

I, John Rattray, am the Secretary of the Corporation. As Secretary, I certify for and on behalf of the Corporation and without personal liability, that:

1. All the representations and warranties of the Corporation in the Credit Agreement are true and correct.

2. no default or Event of Default (as defined in the Credit Agreement) has occurred or is continuing and no event or condition has occurred which, with the lapse of time or the giving of notice or both, constitutes an Event of Default.

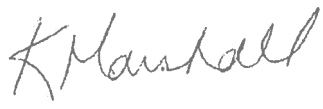
3. Attached as Exhibit "A" is a list of all the officers and directors of the Corporation as of the date hereof and set forth opposite each person's name is the position he or she occupies with the Corporation and, to the extent it appears, a true specimen of his or her signature.

This certificate is being given by the Corporation and without personal liability of the undersigned and any party seeking to make a claim with respect to any matter contained in this certificate shall have recourse solely to the Corporation.

DATED at Toronto as of this 1st day of January, 2015.

John Rattray

EXHIBIT "A"
INCUMBENCY

Name	Position Occupied	Specimen Signature
Timothy O'Neill	Director	
Jim Hinds	Director .	
Cynthia Chaplin	Director	
Murray Elston	Director	
William J. Museler	Director	
Susanna Han	Director	
Ronald Jamieson	Director	
Margaret Kelch	Director	
Bruce Lourie	Director	
Deborah S. Whale	Director	
Bruce Campbell	Director, President & Chief Executive Officer	
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer	
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer	
JoAnne Bulter	Vice President, Market and Resource Development	
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer	
Terry Young	Vice President, Conservation and Corporate Relations	
Michael Lyle	Vice President, Planning, Law and Aboriginal Relations	
John Rattray	General Counsel and Secretary	

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From:	William Tan
To:	Lisa Stein
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)
Date:	Monday, June 12, 2017 9:18:22 PM
Attachments:	(Signed) Amendment 4.Final.pdf (Signed) Amendment 5.Final.pdf Amendmen #6 (Executed).pdf

---

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your

comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO.4

This Amending Agreement made as of the 27th day of September, 2006.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 and Amending Agreement NO.3 dated October 11, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $975 million and the OPA issued a grid note dated October 12, 2005 to the OFA for a principal amount of up to $975 million;

AND WHEREAS the OPA and the OFA have now agreed to extend the mandatory repayment date for the operating facility from December 31, 2006 to December 31, 2010;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. Section 2.4 of the Credit Agreement is amended by deleting "December 31, 2006" and substituting "December 31, 2010" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $237,677,910.71. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY ~~AUTHORITY~~

by: _____

Name: JAN CARR

Title CEO

by: _____

Name: John STEEN

Title Director of Finance

AMENDING AGREEMENT NO.5

This Amending Agreement made as of the 13th day of July 2007.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3") and September 27, 2006 (titled, "Amending Agreement No. 4") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 3.1 of the Agreement is hereby amended by deleting the date "November 30, 2006" substituting therefor the date "November 30, 2010".
2. Section 5.1(b) of the Agreement is hereby amended by deleting the date "December 31, 2006" and substituting therefor the date "December 31, 2010".

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Excecutive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Jan Carr
Title: Chief Executive Officer

AMENDING AGREEMENT NO.6

This Amending Agreement made as of the 9th day of November 2010.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4") and July 13, 2007 (titled, "Amending Agreement No.5") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2013."

2. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2013."

3. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2013;"

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

From:	William Tan
To:	Lisa Stein
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 9:15:49 PM
Attachments:	OFA-OPA Original Credit Agreement.pdf Amendment No. 1.pdf Amending Agmt No. 2 to Note Agmt.pdf (Signed) Amendment 3.Final.pdf

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Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

ONTARIO POWER AUTHORITY

175 Bloor Street East, North Tower, Suite 606, Toronto, Ontario M4W 3R8

February 14, 2005

Mr. Gadi Mayman
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto On M7A 1Y7

Dear Sir:

Re: Modification to Clause 4.7 of OPA Credit Facility – Substituting "Agreement" for "Services"

I write with respect to clause 4.7 of the Credit Agreement (the "Agreement") made between the Ontario Power Authority (the "OPA") and the Ontario Financing Authority (the "OFA"), dated January 1, 2005, and the requirement that the language contained therein be modified to better reflect the true intent of the parties to the Agreement.

By evidence of the signatures of the two parties to that Agreement on the face of this letter, the parties hereby consent and agree to amend clause 4.7 on page 12 of the Agreement by substituting the word "Agreement" for the word "Services" in the third line of that clause.

By their signatures the parties further agree that this letter shall be the sole notification to each and every party of the above-noted change and that such change shall take effect as of the date of that Agreement.

Sincerely,

Jan Carr
Chief Executive Officer
Ontario Power Authority

Rosalyn Lawrence
Director, Ontario Power Authority

Gadi Mayman
Chief Executive Officer,
Ontario Financing Authority

AMENDING AGREEMENT NO. 2 TO NOTE AGREEMENT

THIS AGREEMENT is made as of April 23, 2009 between:

A. INDEPENDENT ELECTRICITY SYSTEM OPERATOR, (the "Company")

B. ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITALS:

1. Pursuant to section 116 of the *Electricity Act, 1998*, the Lieutenant Governor in Council made an order ("Transfer Order") transferring certain officers, employees, assets, liabilities, rights and obligations of Ontario Hydro to the Company;

2. Pursuant to the Transfer Order, the Company and OEFC entered into an agreement dated April 1, 1999 ("Note Agreement") under which the Company issued a note in the amount of $70.3 million ("Initial Note") to OEFC in partial payment for the assets and rights described above;

3. The Company and OEFC entered into an amending agreement dated March 23, 2000 (which together with the Note Agreement is referred to in this amending agreement as the "Amended Note Agreement") to provide for the issuance of a new note ("Existing Note") in the amount of $78.2 million in replacement for the Initial Note;

4. The Company was continued under the name Independent Electricity System Operator pursuant to subsection 4(1) of the Electricity Act, 1998 effective January 1, 2005;

5. The Minister of Finance has directed OEFC to extend the term of the loan from May 1, 2009 to May 1, 2011.

6. The parties wish to further amend the Amended Note Agreement.

NOW THEREFORE, in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Defined Terms.**
Capitalized terms used in this amending agreement and not otherwise defined herein have the meanings specified in the Amended Note Agreement;

2. **Amendment to Article 2 of the Amended Note Agreement.**

The following sections are added after Section 2.6.

2.7 **Refinancing Note**

On May 1, 2009, the Company shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule 2.7 (the "Refinancing Note") which shall be in an aggregate principal amount equal to $78.2 million, dated as of May 1, 2009 and maturing on May 1, 2011 and bearing interest at a per annum rate equal to the yield earned on ninety day Province of Ontario treasury bills as determined by the OEFC, plus 25 basis points (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Refinancing Note by OEFC, the Existing Note shall be of no further force or effect and shall be returned by OEFC to the Company marked "cancelled".

2.8 **Interest on Refinancing Note**

From May 1, 2009 to April 30, 2011, interest on the Refinancing Note at the rate specified in Section 2.7 shall accrue daily and shall be payable in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date"), with the first such payment for the Refinancing Note to be made for the period from and including May 1, 2009 to but excluding August 1, 2009.

The interest rate on the Refinancing Note shall be reset automatically by the OEFC on the first business day of each quarter from and including May 1, 2009, to but excluding May 1, 2011 (each, an "Interest Reset Date"), at the interest rate equal to the yield earned on ninety-day Province of Ontario treasury bills on each Interest Reset Date as determined by the OEFC, plus 25 basis points

OEFC will provide the Company with written notice by email of the interest rate, date of interest payment and the interest payment amount due, as soon as possible after its determination, but in no event later than five business days following each Interest Reset Date.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

2.9 Prepayment on Refinancing Note

The Company may, prepay all or part of the Refinancing Note subject to the following restrictions in respect of each said prepayment:

(a) the prepayment shall be in a multiple of $5 million;
(b) the prepayment shall be made on an Interest Payment Date;
(c) the Company shall give irrevocable written notice substantially in the form attached as Schedule 2.9 (a "Notice of Prepayment") to OEFC of the amount of the prepayment at least fifteen (15) Business Days before the date on which the prepayment shall be made.

3. **Reference to and Effect on the Amended Note Agreement.** On and after this date, each reference in the Amended Note Agreement to "this Agreement" and each reference to the Amended Note Agreement in any and all other agreements, documents and instruments delivered by the Company and OEFC shall mean and be a reference to the Amended Note Agreement as amended by this amending agreement. Except as specifically amended by this amending agreement, the Amended Note Agreement shall remain in full force and effect.

4. **No Waiver.** The execution, delivery and effectiveness of this amending agreement shall not, except as expressly provided herein, constitute a waiver of any provision of the Amended Note Agreement.

5. **Governing Law.** This amending agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6. **Counterparts.** This amending agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this amending agreement.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: Gary Hurkey
CFO.

~~By:~~ _____

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

Michael Manning
Executive Director

~~By:~~ _____

SCHEDULE 2.7
FORM OF REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Principal Amount:	$78.2 million	Date: May 1, 2009
Interest Rate:	A variable rate of interest equal to the yield earned on ninety day Province of Ontario Treasury Bills, as determined by the Lender, plus 25 basis points	
Due:	May 1, 2011	

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("Company") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $78.2 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

OEFC shall and is unconditionally and absolutely authorized and directed by the Company to record on the grid attached hereto the date and amount of each prepayment on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note provided that such prepayment is made on an Interest Payment Date (as defined below) and in accordance with the terms of the Agreement as amended (as defined below). Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such prepayments.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on May 1, 2011.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the yield earned on ninety-day Province of Ontario treasury bills , as determined by OEFC, plus 25 basis points. Interest at such rate shall accrue daily and shall be payable in arrears in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date") commencing August 1, 2009.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the Company and OEFC ("Agreement") and amended by an amending agreement dated March 23, 2000 and an amending agreement dated April 23, 2009, which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

By: _____

By: _____

Amending Agreement #2 in Respect of Agreement Providing For Issuance of a Note
dated April 23, 2009

DATE	PRINCIPAL ADVANCED ($)	DATE OF EACH PREPAYMENT	AMOUNT OF EACH PREPAYMENT	OUTSTANDING PRINCIPAL AMOUNT ($)	Notation Made By
May 1, 2009	78,200,000			78,200,000	
-	-	-	-	-	-

Schedule 2.9

PREPAYMENT NOTICE

To: OEFC
c/o Ontario Financing Authority
Attention: Manager, Electricity and Nuclear Fund

Fax: (416) 325-8111

From: Independent Electricity System Operator
Treasury Department, Finance

Date: _____

Reference is made to the Note Agreement made between the Independent Electricity System Operator as borrower (the "Company"), and OEFC as lender dated as of April 1, 1999, as amended by agreement as of March 23, 2000 and April 23, 2009 (collectively the "Note Agreement"). Unless otherwise defined herein, all terms used in this notice with initial capital letters (other than for grammatical purposes) shall have the respective meanings ascribed thereto in the Note Agreement.

Pursuant to section 2.9 of the Note Agreement, the Company hereby gives notice to OEFC that the Company will make a prepayment on account of the principal amount of Refinancing Note as follows:

amount of prepayment: _____

date of prepayment: _____

DATED this _____ day of _____, _____.

Yours very truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Title: _____

AMENDING AGREEMENT NO.3

This Amending Agreement made as of the 11th day of October, 2005.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $386,034,687.25;

AND WHEREAS the OPA and the OFA have now agreed to increase the operating facility to a principal amount of up to $975,000,000;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$500 million" and substituting "$975,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $975,000,000 substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $386,034,687.25 Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: Gadi

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

by: MERichardson

Name: MARY ELLEN RICHARDSON

Title VP, CORPORATE AFFAIRS
ACTING CHIEF EXECUTIVE OFFICER

By: _____

Name:

Title

From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 3:43:28 PM
Attachments:	image001.png

Hi Ken,

Based on William's response to my question (it is not interpolation), I think the answer to his question is "yes". Do you have any further views?

Thank you,

Lisa

From: William Tan
Sent: Tuesday, June 20, 2017 12:09 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Regarding:

"The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility".

I discussed the wording in Section 3.4 (2) with Carlos. Currently there is a system limitation that only allows Trading to select a 1 month and a 3 month cost of funds and as an operational decision not to use linear interpolation. In light of these operational limitations Carlos is of the view that the current wording in Section 3.4 (2) below is satisfactory.

Let me know if you have any additional concerns.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 20, 2017 10:31 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

I don't believe you've addressed my question. I've sent you a new version with green highlighting which

focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the

1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Cc:	Sarah Harris; William Tan; John Kim
Subject:	FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 10:16:10 AM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7 IESO Comments Oct 31.docx
Importance:	High

Hi Toby,

What are your thoughts on the IESO's amendment to s. 3.2(3)? I believe it reflects the discussion from our conference call yesterday.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….".

Subject to any comments from documentation and CEFD, I am okay with the IESO's other proposed amendments.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November~~October~~ ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) ~~For the purposes of~~Respecting the first Advance to be made under this Agreement (the "**First Advance**"), ~~the purpose of which shall include the repayment of a~~ specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the c~~C~~redit a~~A~~greement between the Parties dated January 1, 2005, as amended~~,~~ (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance, and ~~the IESO and the OFA agree that a specified portion of the entry of the First Advance~~ shall also be noted on the grid of the Grid Note. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the~~, as indicated in the Borrowing~~

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~~Notice, shall constitute a~~ repayment ~~under the Existing Credit Facility~~of the Repayment Amount thereunder.~~.~~

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder

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and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

~~(c)~~(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

~~(d)~~(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS4]: Okay; tracked language in AA#10

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the

matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]**~~October (·), 2017~~ as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	John Kim
To:	Lisa Stein
Cc:	Sarah Neville; Sarah Harris; William Tan; Gavin He
Subject:	FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7
Date:	Tuesday, October 31, 2017 1:13:02 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7.docx

Hi Lisa,

Along with this, do you have the existing facility to be amended available?

Would this attached be considered final or the latest?

Thanks,

John

From: Lisa Stein
Sent: Monday, October 30, 2017 4:19 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this

message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall include the repayment of a portion of the IESO's outstanding indebtedness to the OFA under the [Credit Agreement between the Parties dated January 1, 2005, as amended, (the "**Existing Credit Facility**"), the IESO and the OFA agree that a specified portion of the entry of the First Advance on the Grid Note, as indicated in the Borrowing Notice, shall constitute a repayment under the Existing Credit Facility.

Section 3.3 Elections Regarding Advances.

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(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Re~~P~~payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date ~~,~~ herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

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(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

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This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.9~~8~~ Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: FHP Revolving Credit Facility Agreement 2017-2022 Final (ish)
Date:	Thursday, November 02, 2017 2:36:37 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v9 Nov 2.docx

Hello Lisa,

I have updated the month to November on page 2 and added Gadi as the signatory. Attached is the blackline copy.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, November 02, 2017 11:05 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Final (ish)

Great, I think we are there too. I've made one further change to the definition of OFHP, adding in the full citation (see attached). If no one has any further comments, we will prepare an execution version (and make further formatting changes if required).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 5:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P.

Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Final (ish)

Ok, I think we may be there on the FHP credit agreement. See attached.

I have accepted all changes and only made one minor change, that being to the definition of OFHP, which I conformed with the version of the definition in AA#10. That is the only track change you should find in this document.

FYI I also hit return and deleted spaces in a few places in an effort to regularize the formatting, but feel free to make further formatting changes as required.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 4:01 PM
To: Victor Buza; Sarah Harris
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Victor,

Yes, all other changes to the Agreement are acceptable.

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 3:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Thanks Lisa – good catch.

Can I assume that, apart from that change, all the other changes are acceptable to OFA? I'd like to go through the Agreement accepting whatever tracked changes I can and see if anything is left of if it is now done.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 3:19 PM

To: Sarah Harris; Victor Buza
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Victor,

Upon further review, I note an additional minor change to this agreement:

s. 3.3(2)(d) – please replace "ENERGY" with "the Ministry of Energy", as "ENERGY" is not a defined term in this agreement.

Thank you,

Lisa

From: Sarah Harris
Sent: Wednesday, November 01, 2017 2:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hello Victor,

Lisa is in a meeting until 3 p.m.., so I am forwarding our comments on the FHP agreement on her behalf.

We have made a minor change to section 3.2(3) - specifically, we deleted the language "and shall also be noted in the grid of the Grid Note" following "The amount of the Repayment Amount shall be detailed in the Borrowing Notice." This is because the Repayment Amount ($825M) is not the first entry on the FHP Grid; the first entry will be for the entire advance of approximately $1B ($825M + new funds). Anthony and Will just had a call to discuss the particulars of what the various grid notes under the existing facility and new facility will be on November 21st (including partial repayment of the outstanding $840M loan) and Anthony will be circulating an e-mail summarizing that conversation. The Effective Date of the amending agreement to reduce the existing facility will also be November 21st, not November 22nd.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….". It looks, in practice, that the intercept letter will be executed prior to these two facility agreements, so we surmise this would not be an issue.

We received your most recent draft of the amending agreement. Lisa will be able to review once she is out of her meeting, after 3 p.m.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this

version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of November~~October~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Gadi Mayman~~Michael D. Manning~~

Title: ~~Executive Director &~~ Chief Executive Officer~~Investment Officer,~~

~~Capital Markets Division~~

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

Formatted: Indent: Left: 0", Hanging: 0.5"

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: William Tan
To: Lisa Stein
Subject: FW: FHP agreement and intercept letter
Date: Tuesday, February 06, 2018 11:35:47 AM
Attachments: FHP Credit Agreement OFA IESO - Nov 6, 2017 - IESO Signed.pdf
FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf
Intercept Letter MOE_OFA_IESO Fully Executed - Nov 6 2017.pdf
$2B Pom note PON OFA.pdf

Hello Lisa,

Please find the attached counter signed FHP Agreements and the Intercept Letter. Sorry for the confusion with Sarah.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, February 06, 2018 9:28 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP agreement and intercept letter

Please ask someone to send it today, thank you.

From: William Tan
Sent: Tuesday, February 06, 2018 9:24 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP agreement and intercept letter

Good morning Lisa,

I am WFH today. May I send it to you tomorrow? If its urgent I can get another colleague to pull the file and scan it to you.

Thanks,

Will

From: Lisa Stein
Sent: Monday, February 05, 2018 4:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FHP agreement and intercept letter

Hi Will,

When you have a chance, can you please send me electronic copies of the above two signed agreements for my file?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6th day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6 day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover					Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

Ontario

November 6, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

... 2

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

... 3

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of

Ontario treasury bills immediately preceding the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

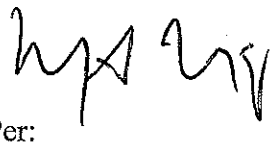
(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 6 day of November, 2017.

Ontario Financing Authority



Per:

Michael D. Manning

Executive Director & Chief

Investment Officer,

Capital Market Division

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, November 6, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP and Amending Agreement No. 10 - Order of Events
Date: Friday, October 27, 2017 2:27:15 PM

Hi Lisa,

I have included mention of the letter agreement and removed the term semi-executed. Business process aside, do you mind reviewing this before to IESO?

Thanks,

Will

Hello Anthony and Victor,

Pending the execution of the intercept letter agreement next week, we can certainly target executing the FHP credit facility at that same time, however, we propose holding-off the executing the amending agreement until November 22nd.

Currently there is $840M outstanding under the existing credit facility agreement; we cannot reduce the limit of the $975M to $475M while the $840M is still outstanding. As per our discussion with Anthony, it is IESO's intention that the next draw for the whole balance of $840M (plus any new funding) will be entirely funded through the new FHP facility (i.e. that is move all funding for next draw on November 21st from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility).

In order to achieve this with least disruption we propose:

- Sign the FHP Credit Facility agreement first next week (assuming intercept letter will be signed at the same time).
- For next advance, Prior to November 21st funding date, IESO sends to the OFA the FHP Borrowing Notice under the new Facility specifying the amount of the next advance ($840 million + new advance).
- Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st and OFA will fund the November 21st advance (whereby OFA will send any net difference of funds above the $840M to IESO) under the new Facility.
- Arrange to execute Amending Agreement No. 10, on November 22 to reduce the existing credit facility on $475M.

Please provide you thoughts if this is suitable.

From: Lisa Stein
Sent: Friday, October 27, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP and Amending Agreement No. 10 - Order of Events

The details regarding the credit facility/moving funds/amounts are business matters. In terms of the legal details, what do you mean by "semi-executed"? The letter agreement needs to be executed first and it is not mentioned here.

From: William Tan
Sent: Friday, October 27, 2017 10:42 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP and Amending Agreement No. 10 - Order of Events

Hello Lisa,

Please review if you agree with the order of events so we may streamline the execution process with IESO.

Thanks,

Hello Anthony and Victor,

As per our discussion with Anthony, the entire balance of $840 million will be moved from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility. Currently we cannot reduce the existing $975 million limit under the facility while $840 million is still outstanding under it.

We propose to signing the FHP Credit Facility agreement first on November 1st and receiving the FHP Borrowing Notice to advance ($840 million + new advance) on November 16. Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st . Sign the semi-executed Amending Agreement No. 10 on November 16 to reduced the existing credit facility on November 22nd.

Please provide you thoughts is this is suitable.

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	FW: FHP and Amending Agreement No. 10 - Order of Events
Date:	Monday, October 30, 2017 11:28:33 AM

FYI

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, October 30, 2017 9:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP and Amending Agreement No. 10 - Order of Events

Why not sign all docs on the same day this week including:
-intercept letter
-$2B facility
-the $975M non-rollover notice (this would confirm that in mid-Nov IESO will not rollover the $825M (the RRRP will continue to rollover with this facility) due on Nov 21)
-issue a rollover notice for $2B facility to say the $825M is being rolled over – note that I will need to borrow another approx. $225M too
-the AA # 10

This way all is in place by this week's end. Let me know or call me to discuss 905-403-6944.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 27, 2017 5:05 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FHP and Amending Agreement No. 10 - Order of Events

Hello Anthony and Victor,

Pending the execution of the intercept letter agreement next week, we can certainly target executing the FHP credit facility at that same time, however, we propose holding off the execution of the amending agreement until November 22nd .

Currently there is $840M outstanding under the existing credit facility agreement; we cannot reduce the limit of the $975M to $475M while the $840M is still outstanding. As per our discussion with Anthony, we understand that it is IESO's intention that the next draw for the whole balance of $840M (plus any new advancement) will be entirely funded through the new FHP facility (i.e. that is move all funding for next draw on November 21st from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility).

In order to achieve this with least disruption we propose:

- Sign the FHP Credit Facility agreement first next week (assuming intercept letter will be

signed prior to or at the same time).

- For next advance, Prior to November 21st funding date, IESO sends to the OFA the FHP Borrowing Notice under the new Facility specifying the amount of the next advance ($840 million + new advance).
- Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st and OFA will fund the November 21st advance (whereby OFA will send any net difference of funds above the $840M to IESO) under the new Facility.
- Arrange to execute Amending Agreement No. 10, on November 22 to reduce the existing credit facility on $475M.

Please provide your thoughts if this is suitable.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: Jean-Francois Beaupre; William Tan
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement - further amendments
Date: Wednesday, August 02, 2017 11:04:43 AM

Hi JF and Will,

Please see Victor's comments below regarding the RRRP and RPP and let me know how you would like to address this matter. Would you like to arrange a call?

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM

To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority

416-325-2320

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From:	William Tan
To:	Lisa Stein
Cc:	Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP credit facility agreement - further amendments
Date:	Wednesday, August 02, 2017 2:24:21 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

Hello Lisa,

We are fine with Victor's explanation. I have removed the borrowing subcategory, on the Borrowing Notice and Election Notice to say [Insert relevant subcategory of borrowing], instead.
These changes were added to Bruno's version from 10:51am.
If Bruno provides his sign-off at your 4pm meeting, please forward to Victor. If not, I will forward it to Victor first thing tomorrow morning.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:05 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finance for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Insert relevant subcategory of borrowing] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Insert relevant subcategory of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Sarah Harris
To: Lisa Stein
Cc: William Tan
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Friday, August 18, 2017 9:57:00 AM
Attachments: FHP credit facility agreement draft OFA Legal Aug 17.docx
FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx

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Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well
I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.
Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx
As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~;~~, ~~and~~ (b) the principal amount of the Advance~~;~~, ~~and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and, (d)~~,~~ the IESO ~~indicated amount and~~ sub-category of borrowing purpose, if applicable. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (dc) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) (specify sub-categories of borrowing purposes, as applicable):

~~(d) (1) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]applicable]~~
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Wednesday, August 16, 2017 2:46:01 PM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx

---

Hello Lisa,

I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.

I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest. Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period. If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?

Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief

of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or

agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

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Fascsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacsimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Bruno Amara; Lisa Stein
Cc:	Gavin He; Jean-Francois Beaupre; Kelly Listoe; Sarah Harris
Subject:	FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Date:	Wednesday, August 02, 2017 10:50:48 AM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v4.docx

Hello Bruno,

Lisa may be able to answer some of your concerns for 1) and 2) as she has done some work on this.
Yes, (k) was included by IESO.
Thank you for replying so quickly.

Will

From: Bruno Amara
Sent: Wednesday, August 02, 2017 10:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Hi Will

See attached. We are fine with "Use of proceeds" and "Clean Energy Adjustment". Minor proposed edit on the latter. I am not comfortable commenting on "Permitted liens (k)" as I do not fully understand this issue and in particular in relation to the "Negative Pledge" section.

But for what it's worth, I would not think that section (j) captures the specific wording of section (k). As this credit facility is for OFHP purposes, I assume the intent was to ensure liens related to OFHP are specifically noted. Was sec. (k) drafted by IESO? But as noted, if EFB is asked for comment I would have a number of more general questions about the "Liens" and legal aspects of these including:

1) permitted vs. not permitted liens. I think the Negative Pledge section relates to this and includes "permitted liens" as an exception
2) the list of permitted liens seems fairly specific list except for (k) which more generally notes and any liens related to IESO's OFHP obligations. I'm not suggesting any specific problem with this, but again wonder how this related to the Negative Pledge section.

I'm happy to discuss further.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: William Tan
Sent: Wednesday, August 02, 2017 9:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Good morning gentlemen,

Is it possible to have an answer before noon?

From: Bruno Amara
Sent: Tuesday, August 01, 2017 4:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx

Thanks Will

We will review.

Bruno

From: William Tan
Sent: Tuesday, August 01, 2017 4:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly

Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hello Bruno,

We in the final rounds for the FHP Credit Facility agreement. However, we have some specific areas for Electricity Finance to comment on before we finalize the agreement.

Specifically:

Clean Energy Adjustment
Permitted Liens (k) – If approved in this credit facility, this change will be carried over to Amending Agreement 10.
Section 2.2 Use of Proceeds

Thanks,

Will

From: Jean-Francois Beaupre
Sent: Tuesday, August 01, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi Will,

Please insert the applicable placeholders in the borrowing and election notices where required. You can base these on the July 17, 2017 notices previously sent to the OFA which we discussed together with Opal last week.

Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 11:30 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: FHP credit facility agreement draft June 23 2017 IESO Legal July 26 v3.docx
Importance: High

Hi all,

Please see the attached black-lined version of the agreement, containing my further comments and amendments. This version requires further OFA internal review before it is sent back to the IESO.

Also, as per our discussions, I understand that JF will be including placeholders regarding the RRRP and the RPP variances.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

Commented [WT1]: Date change.

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

Commented [LS2]: Why was this deleted? Please add back as "Dollars" is defined.

Commented [WT3R2]: "$" is already a defined term "means lawful currency of Canada.

Commented [LS4]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~**"Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

Commented [WT5]: To be confirmed by Electricity Finance.

Commented [BA6R5]: Confirmed

Commented [WT7]: If the term "Financing Entity" is not used anywhere else in this document, we do not think it should be included.

Commented [LS8]: Agreed. Does anyone know why it was included in the first place?

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(f~~g~~) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

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(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Regulated Place Plan (RPP) variance"

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Rural or Remote Electricity Rate Protection (RRRP) variance"

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or~~

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Commented [WT9]: We query whether section (k) is necessary since we consider that section (j) "any other Liens" may already capture this. We defer to OFA Legal on this matter.

Commented [LS10]: Is there a concern with including this from a business perspective? See IESO's cover e-mail. Section (j) refers to Liens "of a nature similar to the foregoing" and may not capture liens in relation to the OFHP specifically. This change, if accepted by the OFA, must also be included in Amending Agreement #10.

Commented [WT11R10]: Defer to Electricity Finace for decision to include (k).

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Commented [WT12]: IESO to input the definition of RPP.

Commented [WT13]: IESO to input the definition of RRRP.

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~~option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

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"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall

be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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Commented [JB14]: We defer to OFA Legal and Electricity Branch on this matter.

Commented [LS15]: Business decision – defer to Electricity Branch

Commented [BA16R15]: Fine with this. Consistent with the directeive.

Commented [LS17]: IESO has provided an explanation in their cover e-mail regarding deletion of this 12-month requirement. It is a business decision whether to accept this change. Is it a requirement based on the supporting documentation (I don't believe it's captured in the directive)?

Commented [WT18R17]: Documentation discussed that the 12-month was an unnessary retriction. No documentation to support the 12-month cap. Okay to remove 12-month restriction.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [WT19]: We no longer include this language in in any of our debt documentation and query whether it is necessary.

Commented [LS20]: Who made the decision to exclude this language? I've sent an inquiry to MOF Legal.

Commented [LS21]: I've added back these clauses as per instructions/discussions. Perhaps this can be reviewed for future agreements.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [WT22]: Changed for consistency. In italics in Schedule 3.

Commented [LS23]: Ok

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) ~~T~~the Credit Facility shall at all times rank *pari passu* with all other ~~unsubordinated~~ unsecured Indebtedness of the IESO, ~~subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof~~.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [JB24]: We defer to OFA Legal on this matter

Commented [LS25]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~-~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [WT26]: To be confirmed.

Commented [LS27]: By whom? This language is standard.

Commented [WT28R27]: Since its standard language, we'll leave it in.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~s~~~~Services~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes unable~~generally not able~~ to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~I~~ insolvency, ~~I~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

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(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by--laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [JB29]: Consistency with 5.4 (b)

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1HY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
FacscimileTelecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the PartiesOFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing byy the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

Commented [LS30]: Previous wording okay. Why the change?

Commented [WT31R30]: "Agreement" in our opinion suitable than "Instrument". Not fussed, okay to change back.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~57~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance] ~~(1) [indicate amount and purpose of funds requested]~~
~~(2) [indicate amount and purpose of funds requested]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [LS32]: Consistent with S. 3.2 of Agreement. Program area please confirm.

Commented [WT33R32]: Mike Manning Capital Markets approved this. I can send you the approval email.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~A~~agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction related to the settlement of the of the _____;
[Regulated Place Plan (RPP) variance, Rural or Remote Electricity Rate Protection (RRRP) variance].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	FW: FHP subcategories
Date:	Friday, August 04, 2017 3:12:35 PM

FYI

From: William Tan
Sent: Friday, August 04, 2017 9:41 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP subcategories

Fyi, RE: permitted leins (k)

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 04, 2017 9:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: FHP subcategories

William,

Yes the list below are current examples of programs under/part of the FHP.
I would caution that there may be more too such as "Funding Rebates", and there are current discussions about potential new regulations under FH Act still being contemplated/discussed by gov't lawyers.
I would prefer that we keep the language in our debt agreement to reference activities under the FH Act….since there may be new regulations, amendments to FH regulations, or new programs that may be set up.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 03, 2017 4:51 PM
To: Anthony Martinello
Subject: FHP subcategories

Hi Anthony,

Is the list below a basic list of programs that would be a part of FHP Permitted Liens (k)? if yes, is there a more exhaustive list?

Broadening Distribution Rate Protection

RRRP program provides a rate subsidy to rural and remote residential customers who face higher distribution costs.

About 800,000 customers would benefit from the new broadened distribution rate protection program. Customers of LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.

Expanding the OESP

The OESP[na01.safelinks.protection.outlook.com] is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who use electric heat or certain electrically intensive medical devices.

Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).

Providing a First Nations On-Reserve Delivery Credit

In 2016, the Ontario Energy Board (OEB) engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.

As a result of recommendations from the OEB, the government plans to eliminate the delivery charge for all on-reserve First Nations residential customers and remove the monthly service charge for customers of licensed distributors which charge a bundled rate.

The Fair Hydro Act, 2017 would, if passed, enable the above initiatives. In addition, an Affordability Fund has been established. No legislative amendments were required for this fund.

Establishing an Affordability Fund

Ontario has established an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.

The Province is paying for the Affordability Fund through provincial revenues.

Energy Sector Efficiencies

The Ontario government has commenced work on the next Long-Term Energy Plan (LTEP).

Ontario is in a strong electricity supply situation and well-positioned to meet demand at this time. The LTEP process is designed to be iterative and flexible and only commit resources as demand needs become clearer. The Province is committed to continuing to put conservation first in its energy planning decisions, where cost-effective.

When new electricity supply is needed, the next LTEP would ensure that future procurements are focused on outcomes, rather than contracting with specific technologies. This technology-neutral approach would foster innovation and create competition. This approach is expected to lower the cost of electricity supply.

The OEB will identify opportunities for cost efficiencies by:

Encouraging shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small to medium-sized utilities.

Reviewing business cases behind its regulatory requirements to reduce red tape and eliminate costs that LDCs indicate are creating pressures on operating expenses.

Looking at opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.

The IESO and partners have begun a market renewal project to enhance efficiency and performance of the wholesale electricity market.

Changes related to the IESO's market renewal initiatives are estimated to save at least $200 million per year, starting in 2021.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: FW: Final Docs for FHP Credit Agreement and AA#10
Date: Wednesday, October 04, 2017 5:47:33 PM

Hi Toby,

Please let me know your thoughts regarding this proposed amendment.

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

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Cc: William Tan; Lisa Stein
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- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

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To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Lisa Stein; John Kim
Subject:	FW: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 1:28:14 PM

Hello Victor,

I wish to clarify that my comment regarding the Amending Agreement No. 10 v2 was purely from a version perspective and not connected to the inclusion/non-inclusion of the Intercept Provision.

Thanks,

Will

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Sent: Wednesday, October 04, 2017 10:06 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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recipient(s), please notify the sender immediately and delete this e-mail message.

From: William Tan
To: John Kim
Cc: Sarah Neville; Lisa Stein; Sarah Harris
Subject: FW: Final Docs for FHP Credit Agreement and AA#10
Date: Wednesday, October 04, 2017 9:45:43 AM

Hello John,

Victor would like some clarification with regards to the application of the intercept provision to the Existing Credit Facility. His understanding is that the provision only applies to the FHP Credit Facility and that the Existing Credit Facility is to be grandfather. Could you please respond to Victor on this matter?

"current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?"

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be

controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes

the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
2. Page 20. Delivered Via Email: CASHP@ofina.on.ca
3. Page 22. Delivered Via Email: CASHP@ofina.on.ca

OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
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4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

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Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
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From:	William Tan
To:	Anthony Martinello; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	FW: Final Docs for FHP Credit Agreement and AA#10
Date:	Friday, September 29, 2017 5:00:46 PM
Attachments:	fhp credit facility agreement execution version v3 blackline.pdf fhp credit facility agreement execution version v3 blackline.docx

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: William Tan
To: Anthony Martinello; "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10
Date: Friday, October 06, 2017 11:01:20 PM
Attachments: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v4.docx
FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v4.pdf

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Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346

2. Page 20. Delivered Via Email: CASHP@ofina.on.ca
3. Page 22. Delivered Via Email: CASHP@ofina.on.ca

OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Subject:	FW: Final FHP directives
Date:	Thursday, August 03, 2017 12:37:25 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf RE FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3).msg

Hi Lisa,

Please find the FHP related directive. I've attached Salman's email that has the previous directives for the existing credit facility.
I'll see if I can find final copies for the OFA Board materials.

From: Lisa Stein
Sent: Thursday, August 03, 2017 12:28 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Final FHP directives

Hi Will,

Can you please send me electronic copies of the final executed versions of the IESO FHP directive and the IESO line of credit amending agreement directive? We will require final copies for the OFA Board.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: Salman Qadir []
To: Lisa Stein [Lisa.Stein@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date: Tuesday, June 13, 2017 13:39:18
Attachment 1: OFA-IESO-Minister Directive 2013.pdf
Attachment 2: OPA Loan Increase 2005-2006 (500-77.1).pdf
Attachment 3: OPA Loan Extension 2006-2010 (500-77.1.2).pdf
Attachment 4: OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf
Attachment 5: OFA-IESO-Minister Directive 2016 - 975M.PDF

Hi Lisa,

Joan sent me this link where these directives are:

http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx

I think the ones attached are all of them. I also attached the latest one from late 2016.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.

Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan

Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	FW: Final OEFC-IESO briefing note
Date:	Thursday, November 30, 2017 9:54:56 AM
Attachments:	IESO-OEFC Note_v8.docx

Hi Lisa,

Please see Opal's email below and the final briefing-note John Kim prepared attached.

Do you have any issue with the edits Victor Buza made to the two agreements in his email yesterday?

Thank You,
Ryan

From: Opal Kandelas
Sent: Thursday, November 30, 2017 9:45 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Final OEFC-IESO briefing note

Please see attached. The relevant parties in CEFD, CMB and CEO's office have been briefed and are fine with moving forward with the IESO requested amendments to the OEFC credit facility and loan agreement.

Thanks,
Opal

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

The Independent Electricity System Operator ("IESO") has requested that OEFC amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations IESO is taking on under Ontario's Fair Hydro Plan. IESO has indicated that OEFC credit facilities will not be used for Ontario Fair Hydro Plan (FHP) purposes.

- On November 28, 2017, IESO staff wrote to staff that without the terms of the OEFC facilities being amended, it would need to ask for an interim waiver from the OEFC to avoid being in default.

CONTEXT

- Under the FHP, the IESO and Ontario Power Generation (OPG) are interacting to refinance a portion of the Global Adjustment over a longer period of time.

- IESO and OPG are in a discussion to grant a security/priority interest on IESO's assets to OPG Trust for the period of the first 4 years of the GA deferral.

- The IESO sought and received its Board's approval on Nov 22, 2017 to enter into a security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the various agreements. IESO staff wrote:

  > *"…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."*

- The IESO provided a draft Security Agreement, dated November 7th, 2017, between them and the OPG Trust to OFA. According to the draft Security Agreement, in the unlikely event that the IESO runs into financial difficulty, the IESO would give OPG Trust a priority in the IESO's assets, including all accounts of the IESO and all cash and proceeds from LDCs, that would put OPG Trust ahead of unsecured creditors, including the OFA and the OEFC.
  - The security agreement is not limited to the Clean Energy Adjustment funds collected by the IESO only.

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid breaching the terms of the existing agreements with OEFC.

- To support IESO's role in the implementation and participation under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act"), in July 2017 the IESO had requested that the OFA make similar changes to the credit facility agreements with OFA in October.
  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- With the proposed new security agreement between OPG Trust and the IESO, OPG Trust would have a priority claim against the IESO's assets, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low.
  - The extent of this risk is subject to uncertainty at this time, given that the regulations that govern the payments related to the Fair Allocation Amount in each period, and how that relates to the obligations to the Financing Entity, are still under development.

- IESO is an agency of the government consolidated line-by-line in the Province's accounts.

- The OFA agreed to IESO's requested changes to the OFA credit facilities.

- OFA'S Capital Markets Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993* and any changes to the OEFC agreements should take this into account.

- According to the Minister's Directives associated with the OEFC Agreements, the loan and the credit facilities are "subject to such other terms as OEFC deems appropriate." Therefore, an amendment for permitted liens can be done under the existing directives, and new or revised directives from the Minister of Finance are not deemed necessary. This would be consistent with the approach when the pre-existing OFA-IESO credit facility agreement was amended for permited liens on November 6, 2017.

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

- Currently, under the existing credit facility agreements between OEFC and the IESO, the definition of "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

Electricity Finance Branch, Corporate and Electricity Finance Division
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 28, 2017

To: John Kim
Subject: FW: Finalization of OFA-IESO Credit Agreements
Date: Tuesday, October 24, 2017 4:31:31 PM

Hi John,

There is no mention in Victor's e-mail about the letter agreement or the intercept provisions. Is he proposing that we finalize the agreements with the intercept provisions? As we have discussed, we are not willing to make assurances regarding further future amendments, especially regarding the intercept requirement.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Finalization of OFA-IESO Credit Agreements

Hi John. We have had internal discussions following your and my conversation yesterday afternoon regarding the finalization of the two OFA/IESO credit agreements (Amending Agreement #10 to the existing credit agreement; and the new $2 billion credit agreement for implementing the Fair Hydro Plan).

As discussed, we need urgently to finalize these credit agreements in order to avoid a funding shortfall for IESO in November relating to implementing the FHP. There will not be sufficient room under the existing OFA credit agreement – with its commitment of $975 million – to fund the amounts required by IESO in this regard.

Given this urgent funding need, we propose that OFA and IESO finalize the current drafts of the credit agreements and have them executed by both parties no later than Wednesday, November 1 in order to ensure that funds will be available for drawing by IESO in November.

We recognize that the on-going discussions with the OPG Trust about a possible grant of security over IESO's assets in connection with implementing the Fair Hydro Plan may result in the need for further amendments to the OFA-IESO credit agreements. However, we propose to amend the agreements as needed once we actually know what, if anything, is required in this regard.

We would appreciate it is OFA could let us know if it agrees with the above approach by Thursday this week in order that we may each proceed to take the steps required to finalize and execute the agreements, and maintain the timely funding of IESO's needs.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: John Kim
To: Sarah Neville; Sarah Harris; William Tan
Cc: Lisa Stein; Anna Strathy; Gavin He
Subject: FW: Finalization of OFA-IESO Credit Agreements
Date: Tuesday, October 24, 2017 4:28:24 PM

Fyi, and pls. let me know if any concern.

Victor's comments seem reasonable to me. They are indicating that the discussion between OPG Trust and IESO has not settled. I do think about any risks that could result from continuing to go down this path and not sure I can come up with any. I wouldn't mind a reiteration from Legal back to Victor on the due process and approvals required on any future amendments to the credit facility or facilities in place [when the discussion between OPG Trust and IESO conclude].

Please keep Gadi in the loop on this. I will keep Ron in the loop.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Finalization of OFA-IESO Credit Agreements

Hi John. We have had internal discussions following your and my conversation yesterday afternoon regarding the finalization of the two OFA/IESO credit agreements (Amending Agreement #10 to the existing credit agreement; and the new $2 billion credit agreement for implementing the Fair Hydro Plan).

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We recognize that the on-going discussions with the OPG Trust about a possible grant of security over IESO's assets in connection with implementing the Fair Hydro Plan may result in the need for further amendments to the OFA-IESO credit agreements. However, we propose to amend the agreements as needed once we actually know what, if anything, is required in this regard.

We would appreciate it is OFA could let us know if it agrees with the above approach by Thursday this week in order that we may each proceed to take the steps required to finalize and execute the agreements, and maintain the timely funding of IESO's needs.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From:	John Kim
To:	Sarah Neville; Sarah Harris; William Tan; Anna Strathy
Cc:	Lisa Stein; Gavin He
Subject:	FW: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 5:07:02 PM

Fyi.

From: John Kim
Sent: Tuesday, October 24, 2017 5:06 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Hi Victor,

With timely execution of the letter agreement by all parties, we will move to conclude the FHP credit facility agreement and amending agreement #10 by November 1st. Also, future amendments to these agreements would have to be considered when known at the time. The OFA will not make any assurances or representations to the IESO that such amendments would be made as a matter of right.

Let's aim to get the letter agreement done well before the end of this week.

Thanks,

John

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Finalization of OFA-IESO Credit Agreements

Hi John. We have had internal discussions following your and my conversation yesterday afternoon regarding the finalization of the two OFA/IESO credit agreements (Amending Agreement #10 to the existing credit agreement; and the new $2 billion credit agreement for implementing the Fair Hydro Plan).

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Given this urgent funding need, we propose that OFA and IESO finalize the current drafts of the credit agreements and have them executed by both parties no later than Wednesday, November 1 in order to ensure that funds will be available for drawing by IESO in November.

We recognize that the on-going discussions with the OPG Trust about a possible grant of security over IESO's assets in connection with implementing the Fair Hydro Plan may result in the need for further amendments to the OFA-IESO credit agreements. However, we propose to amend the agreements as needed once we actually know what, if anything, is required in this regard.

We would appreciate it is OFA could let us know if it agrees with the above approach by Thursday this week in order that we may each proceed to take the steps required to finalize and execute the agreements, and maintain the timely funding of IESO's needs.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan
To: Sarah Harris
Cc: Lisa Stein
Subject: FW: Grid Notes: RPP , RRRP and Fair Hydro
Date: Wednesday, November 22, 2017 1:25:15 PM
Attachments: IESO Fair Hydro Plan Grid Note Nov 21.2017.pdf
IESO RPP Grid Note Nov 21.2017.pdf
IESO RRRP Grid Note Nov 21.2017.pdf

Hello,

Please find the attached grid notes that references the end of day balances each of the credit facilities.

Thanks,

Will

From: Sujeev Jegatheeswaran
Sent: Wednesday, November 22, 2017 1:22 PM
To: Documentation <Documentation@ofina.on.ca>
Subject: FW: Grid Notes: RPP , RRRP and Fair Hydro

FYI.

Thank you,

Sujeev Jegatheeswaran
Settlements, Payments and Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel (416) 325-8060 | E-Mail: Sujeev.Jegatheeswaran@ofina.on.ca

---

From: Sujeev Jegatheeswaran
Sent: Tuesday, November 21, 2017 4:01 PM
To: 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; LeRoy Ahyee <LeRoy.Ahyee@ofina.on.ca>; Kathy Liu <Kathy.Liu@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: Grid Notes: RPP , RRRP and Fair Hydro

Hello Olga:

I've attached the captioned Grid Notes for your attention. Please let me know whether you have any questions.

Regards,

Sujeev Jegatheeswaran
Settlements, Payments and Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel (416) 325-8060 | E-Mail: Sujeev.Jegatheeswaran@ofina.on.ca

Ontario Financing Authority

Line of Credit Grid Note

Entity : IESO

Project: Ontario Fair Hydro Plan

Schedule of loan transactions to: 21-Nov-2017

Loan Limit: 2,000,000,000.00

Loan Advanced to: 21-Nov-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
21-Nov-2017	$1,005,562,526.55	1.2300%	20-Dec-2017	29	$982,696.31	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : IESO

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Nov-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$338,578.91	$0.00	$338,578.91	21-Sep-2017	31
21-Sep-2017	$604,963,600.47	1.2500%	20-Oct-2017	29	$600,820.01	$600,820.01	$0.00	$600,820.01	20-Oct-2017	29
20-Oct-2017	$825,639,102.00	1.2500%	21-Nov-2017	32	$904,809.97	$826,543,911.97	$825,639,102.00	$904,809.97	21-Nov-2017	32

Ontario Financing Authority

Line of Credit Grid Note

Entity : IESO

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Nov-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Nov-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$6,155.37	$0.00	$6,155.37	21-Sep-2017	31
21-Sep-2017	$9,841,878.70	1.2500%	20-Oct-2017	29	$9,774.47	$9,774.47	$0.00	$9,774.47	20-Oct-2017	29
20-Oct-2017	$10,649,081.37	1.2500%	21-Nov-2017	32	$11,670.23	$11,670.23	$0.00	$11,670.23	21-Nov-2017	32
21-Nov-2017	$11,556,384.24	1.2300%	20-Dec-2017	29	$11,293.60	$0.00	$0.00	$0.00		

From: William Tan
To: Sarah Neville; Lisa Stein
Cc: Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities
Date: Thursday, May 17, 2018 2:06:19 PM

Hello Lisa and Sarah N.,

On May 10, IESO notified us that Kimberly Marshall is no longer with the company (the only person we had documented to have signing authority). Anthony Martinello (IESO) was informed of the required documents to facilitate a new signatory. Yesterday, we received a Borrowing Notice with an advance date for tomorrow (May 18), signed by the their president and CEO. According to Anthony, their legal department is working on providing us with the required documents. However, he has informed us that there is a real possibility that the required documents may not be provided by today or tomorrow.

Could you provide some guidance as to how to proceed if the documents are not received in time or options available to us?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 17, 2018 6:34 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Will,
I have requested our legal group to address your request and prepare an updated cert….it is pending.
I'm not sure this cert will be ready by today or tomorrow…let me know if this is a problem.
As for the IESO CEO signing the draw, the resolution you already have notes that the CFO delegate can sign and thus the IESO CEO (CFO's boss) is now signing the draws.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 10, 2018 3:12 PM
To: Anthony Martinello
Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Anthony,

As per our earlier conversation, we would require updated signing authority documents.

Please provide the following:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
2. Updated Incumbency Certificate.

Attached is an example of the documents.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 10, 2018 11:47 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO $2B and $475M Credit Facilities

Hi,

The IESO's CFO, Kim Marshall, is no longer with the IESO effective May-1-2018.

We are actively recruiting for a CFO, but no CFO and no acting CFO is yet named……the new CFO is not expected to be in place until July 2018.

For the $2B and $475MM facilities, we will be drawing on these next week……..are you ok if I sign the OFA notices or do you require the IESO CEO (remember no CFO is present).

Please advise.

Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 3:18:50 PM
Attachments:	Certificate for OFA-OPA Amd. Agmt. No. 8.PDF

Hello Lisa,

Attached is a Certificate of Officer for IESO signed in 2015. Could we accept something like this?

Thanks,

Will

From: William Tan
Sent: Thursday, May 17, 2018 2:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Lisa,

As requested.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, May 17, 2018 2:48 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hi Will,

Please let me know when you are available for a call or meeting to discuss?

Thank you,

Lisa

From: William Tan
Sent: Thursday, May 17, 2018 2:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Lisa and Sarah N.,

On May 10, IESO notified us that Kimberly Marshall is no longer with the company (the only person we had documented to have signing authority). Anthony Martinello (IESO) was informed of the required documents to facilitate a new signatory. Yesterday, we received a Borrowing Notice with an advance date for tomorrow (May 18), signed by the their president and CEO. According to Anthony, their legal department is working on providing us with the required documents. However, he has informed us that there is a real possibility that the required documents may not be provided by today or tomorrow.

Could you provide some guidance as to how to proceed if the documents are not received in time or options available to us?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 17, 2018 6:34 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Will,
I have requested our legal group to address your request and prepare an updated cert….it is pending.
I'm not sure this cert will be ready by today or tomorrow…let me know if this is a problem.
As for the IESO CEO signing the draw, the resolution you already have notes that the CFO delegate can sign and thus the IESO CEO (CFO's boss) is now signing the draws.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 10, 2018 3:12 PM
To: Anthony Martinello
Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Anthony,

As per our earlier conversation, we would require updated signing authority documents.

Please provide the following:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
2. Updated Incumbency Certificate.

Attached is an example of the documents.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 10, 2018 11:47 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO $2B and $475M Credit Facilities

Hi,

The IESO's CFO, Kim Marshall, is no longer with the IESO effective May-1-2018.

We are actively recruiting for a CFO, but no CFO and no acting CFO is yet named……the new CFO is not expected to be in place until July 2018.

For the $2B and $475MM facilities, we will be drawing on these next week……..are you ok if I sign the OFA notices or do you require the IESO CEO (remember no CFO is present).

Please advise.

Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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CERTIFICATE OF OFFICER

OF INDEPENDENT ELECTRICITY SYSTEM OPERATOR

(the "Corporation")

TO: Ontario Financing Authority (the "**OFA**")

RE: Credit Agreement dated January 1, 2005 between the Ontario Power Authority (a predecessor of the Corporation) and the OFA, as amended by the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8") (collectively, the "**Credit Agreement**")

I, John Rattray, am the Secretary of the Corporation. As Secretary, I certify for and on behalf of the Corporation and without personal liability, that:

1. All the representations and warranties of the Corporation in the Credit Agreement are true and correct.

2. no default or Event of Default (as defined in the Credit Agreement) has occurred or is continuing and no event or condition has occurred which, with the lapse of time or the giving of notice or both, constitutes an Event of Default.

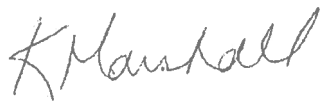
3. Attached as Exhibit "A" is a list of all the officers and directors of the Corporation as of the date hereof and set forth opposite each person's name is the position he or she occupies with the Corporation and, to the extent it appears, a true specimen of his or her signature.

This certificate is being given by the Corporation and without personal liability of the undersigned and any party seeking to make a claim with respect to any matter contained in this certificate shall have recourse solely to the Corporation.

DATED at Toronto as of this 1st day of January, 2015.

John Rattray

EXHIBIT "A"
INCUMBENCY

Name	Position Occupied	Specimen Signature
Timothy O'Neill	Director	
Jim Hinds	Director .	
Cynthia Chaplin	Director	
Murray Elston	Director	
William J. Museler	Director	
Susanna Han	Director	
Ronald Jamieson	Director	
Margaret Kelch	Director	
Bruce Lourie	Director	
Deborah S. Whale	Director	
Bruce Campbell	Director, President & Chief Executive Officer	
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer	
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer	
JoAnne Bulter	Vice President, Market and Resource Development	
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer	
Terry Young	Vice President, Conservation and Corporate Relations	
Michael Lyle	Vice President, Planning, Law and Aboriginal Relations	
John Rattray	General Counsel and Secretary	

From: William Tan
To: Anthony Martinello
Cc: Sarah Harris; "Victor Buza"; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments
Date: Tuesday, August 08, 2017 9:57:14 AM

Good morning Anthony,

Thank you for the detailed figures, it has helped tremendously.

Exactly, when will you require the new $250 million to be advanced?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments

William,

1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

   I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?

3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

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From: Sarah Harris
To: Opal Kandelas
Cc: Lisa Stein
Subject: FW: IESO - OEFC Nov 27
Date: Monday, November 27, 2017 3:01:32 PM

Hi Opal,

Anthony is reaching out to provide drafts of the agreements. While we have started to work on them here, we haven't received word on final sign-off from Ron/Gadi. Any word?

I'm cc'ing Lisa, as she also wasn't cc'd on IESO's request.

Thanks,
Sarah

From: Jean-Francois Beaupre
Sent: Monday, November 27, 2017 2:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Sarah,

Do we have sign-off on the final briefing note and/or authorization to proceed?

Thanks,
J-F

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM

To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this

Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Ryan Blackbyrne
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: IESO - OEFC Nov 7
Date: Monday, November 27, 2017 3:04:31 PM

Hi Lisa,

Please see below the original email we received from Anthony at IESO in early November. As you can see at this time his suggestion was to "copy and paste the salient sections" from the IESO-OFA agreements that were updated for the fair hydro plan into the amendments to the IESO-OEFC agreements. In his email Anthony referenced both the 'Permitted Lien' and 'Intercept Provision' sections, but we have since agreed the intercept provision will not be included in the IESO-OEFC amending agreements. We are still waiting for final sign-off from Gadi, Ron and Mike on whether we can include the permitted-Lien language from the IESO-OFA amending agreements into the IESO-OEFC amending agreements.

Thank You,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.

If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.

Regards.

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From: Gavin He
To: Sarah Neville
Cc: John Kim; Lisa Stein
Subject: FW: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 6:06:30 PM
Attachments: IESO-OEFC - FHP LoC_Nov 2017_v6Clean.docx

Hi Sarah,

Hope all is going well! In Lisa's absence, I am sending the OEFC credit facility agreement BN to you for review and comments.

The IESO has reached out to us to make the similar change to the definition of the "permitted liens" under the OFA credit facility agreement, which were signed recently. As a result, CEFD has drafted the attached note for IESO's request. Could you please review and let us know if you have any concerns?

Please note that IESO has indicated that they will seek their Board approval on Nov. 22 to grant the security/priority on IESO's assets to the OPG Trust, so we will need to resolve this as soon as possible.

Please let us know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator ("IESO") has requested OEFC to amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations the IESO is taking on under Ontario's Fair Hydro Plan.

CONTEXT

The Fair Hydro Plan will require the IESO and Ontario Power Generation (OPG) to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which ensures that the costs of these investments are allocated fairly among current and future ratepayers. This is being accomplished through refinancing a portion of the Global Adjustment (GA). The IESO and OPG are in a discussion to potentially grant the security/priority on IESO's assets to the OPG Trust for the period of the first four years of the GA deferral. The IESO will seek its Board approval on Nov 22, 2017 for the security agreement and this would be in conflict with OEFC's $160M and $120M credit facility agreements (the "OEFC Agreements") with the IESO without the requested amendments. Paragraph 4.7 – Negative Pledges – in both OEFC credit facility agreements does not allow IESO to grant such security/priority to the OPG Trust.

In order to address this issue, the IESO has requested OEFC to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the Fair Hydro Plan (FHP). Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations towards OPG. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want inadvertently to be in default.

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act") in July 2017, the IESO had reached out to the Capital Market Division – Operations of the OFA to make the same request to the credit facility agreements with OFA in October. The OFA staff have recommended providing the requested amendments and amended the $475M and $2B credit facility agreements between OFA and the IESO on November 6th, 2017 (the "OFA Agreements"), as suggested by the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

RECOMMENDATION

- To support IESO's role in the implementation and participation under the OFHP Act and also to be consistent with the approach OFA implemented , OFA staff are of the view that the exisiting OEFC Agreements require amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, such change to the permitted liens is still required in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 15, 2017

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: IESO - Signing Authority Documents
Date: Monday, June 18, 2018 4:09:32 PM

Hello Lisa,

Olga Whiteley (IESO) is asking if IESO can provide a Certificate of Incumbency without a Board Resolution to satisfy required sighing authority documentation. According to Olga their legal counsel are willing to provide the Board Resolution but it would "require some work" to redact non-essential information and to satisfy the deadline of June 18/19. Please let me know if this is possible.

Thanks,

Will

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Monday, June 18, 2018 3:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO - Signing Authority Documents

What is your number Will?

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

Options provided in May, 2018:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. ~~A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.
5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Kelly Listoe
To:	Lisa Stein
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:46:30 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

Hi Lisa

Please review. I am fine with these docs as is.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

This email message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution, or copying of this email message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this email message.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.

Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

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AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

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Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

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Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

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OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

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This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:44:21 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

From: Sarah Harris
Sent: Thursday, April 27, 2017 3:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Hi Lisa,

Here are Victor's comments. I'm coming down so can wrap up tonight.

Sarah

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

I've reviewed these and they look fine to me. The last part of his 2nd question – can't he just do this himself?

Let's discuss.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

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This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO Amendments
Date:	Thursday, April 27, 2017 3:42:54 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27.doc $120MMNoteIESOBlacklineApr27IESOLegal.docx Certified Extract of March 1 2017 Resolution of Directors of IESO re Renewal of OEFC Facilities.docx
Importance:	High

Hi Lisa,

Here are Victor's comments. I'm coming down so can wrap up tonight.

Sarah

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

I've reviewed these and they look fine to me. The last part of his 2nd question – can't he just do this himself?

Let's discuss.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly.

Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~ . The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifrth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the amount of the first such interest payment for the Fifth Refinancing Note shall be calculated in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This amending agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This amending agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This amending agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million, whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million, whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from May 1April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the amount of the first such interest payment for the Fifth

Refinancing Note shall be calculated in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

Formatted: Justified

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

Resolution of the Board of Directors

Independent Electricity System Operator

March 1, 2017

In Respect of the Renewal of the Two Credit Facilities with the Ontario Electricity Financial Corporation Expiring April 2017

" BE IT RESOLVED THAT the renewal of the existing … credit facilities expiring in April 2017:

- …
- note payable with the Ontario Electricity Financial Corporation
- credit facility with the Ontario Electricity Financial Corporation

be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facilities. **"**

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on March 1, 2017.

John M. Rattray, General Counsel, Secretary and Chief Reliability Officer

April 28, 2017

From: Sarah Harris
To: Lisa Stein
Cc: Kelly Listoe
Subject: FW: IESO Amendments
Date: Friday, April 28, 2017 11:13:56 AM
Attachments: $120MMNoteIESOBlacklineApr27IESOLegal-rev_rev2.docx

---

HI Lisa,

Victor has signed off on the agreements, with the small formatting/corrective changes per 1. Below. The last draft is attached. Kelly is arranging for execution in counterparts. Hurrah!

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.

2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor

I am resending these. They are ok on my screen.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.

2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

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(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

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" **Section 2.16 Fifth Refinancing Note**

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

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

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017 .

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: IESO CFO
Date: Thursday, July 05, 2018 1:11:25 PM
Attachments: Incumbency Certificate June 19 2018 - EXECUTED.PDF
RE IESOOFA - Signing Authority Documents.msg

Hello Lisa,

IESO's CFO Barbara Anderson has been appointed as their permanent CFO. However, section 1 of the June 19, 2018 COI indicates her title as interim. Do we require a revised COI to reflect this change? The other attachment is a June 2017 Board Resolution appointing the CFO to have signing authority.

Thanks

Will

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Thursday, July 05, 2018 12:49 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: IESO CFO

Hi Sarah,
As of July 9 Barbara Anderson has been appointed as our CFO (no longer interim). Do you require a revised incumbency certificate? Attached is the one recently executed.
Please let me know.
Regards.

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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INCUMBENCY CERTIFICATE

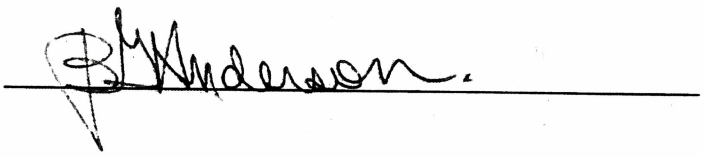
To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

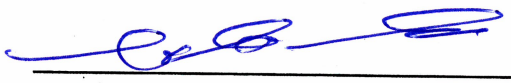
1. Barbara Anderson has been duly appointed as, and as of the date hereof holds the offices of, Chief Financial Officer and Vice-President, Corporate Services (Interim) of the IESO and, for further certainty, has been vested with all of the duties and powers otherwise prescribed to such offices in a permanent capacity.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, the Chief Financial Officer has the authority from time to time to draw upon (i) the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended, and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the 6th day of November, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Barbara Anderson 

DATED this 19th day of June, 2018.



Michael Lyle
Vice-President, Legal Resources and Corporate Governance, General Counsel, Secretary, and Chief Reliability Compliance Officer

From: Victor Buza [Victor.Buza@ieso.ca]
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Anthony Martinello [Anthony.Martinello@ieso.ca]; Olga Whiteley [Olga.Whiteley@ieso.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: RE: IESO/OFA - Signing Authority Documents
Date: Tuesday, June 19, 2018 12:28:00
Attachment 1: Certified IESO Brd Resol'n June 14_17 re Credit Facilities - Nov 6 2017 per J Rattray.pdf
Attachment 2: Incumbency Certificate - revised - re OFA FHP and 2005 Facilities - June 19 2018.doc

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Hi Sarah. Following our call earlier and per item #1 of Will's email below, attached please find the updated form of Incumbency Certificate. Please confirm that this updated form is acceptable and we will proceed to have it executed.

In addition, for your convenience, I also attach the original certified Board Resolution authorizing, among other things, the "Chief Financial Officer or her delegate" with respect to making draws under the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility.

Please call me if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 5:22 PM
To: Olga Whiteley; Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO - Signing Authority Documents

Hello Olga,

My legal department replied back to me and unfortunately a redacted board resolution and certificate of incumbency is required.

Thanks,

Will

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley

Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

Options provided in May, 2018:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. ~~A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.
5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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" Resolution of the Board of Directors
Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 million and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS ...[Recital redacted]...

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility ...**[Redacted]**... on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true, redacted copy of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
November 6, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Barb Anderson has been duly appointed as, and as of the date hereof holds the offices of, Chief Financial Officer and Vice-President, Corporate Services (Interim) of the IESO and, for further certainty, has been vested with all of the duties and powers otherwise prescribed to such offices in a permanent capacity.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, the Chief Financial Officer has the authority from time to time to draw upon (i) the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended, and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the 6th day of November, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Barb Anderson _____

DATED this ____ day of _____, 2018.

_____
Michael Lyle
Vice-President, Legal Resources and Corporate Governance, General Counsel, Secretary, and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) Michael Lyle has been duly appointed to the offices of Vice-President, Legal Resources and Corporate Governance, General Counsel, Secretary, and Chief Reliability Compliance Officer and (ii) Michael Lyle holds, as at the date hereof, such offices.

DATED this ____ day of _____, 2018.

_____
Barb Anderson
Chief Financial Officer and Vice-President, Corporate Services (Interim)

From: Sarah Neville
To: Lisa Stein
Subject: FW: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 12:24:33 PM

Hi Lisa – see below. This relates to the directive you mentioned to me this morning, I believe?

Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 12:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement

Hello Sarah,

I am preparing an IESO Credit Facility Amending Agreement and a New IESO FHP Credit Facility Agreement. Please let me know who would be available to assist with these agreements? Salman Qadir is working on the related directive and he would also require counsel to work on that as well. It would make sense to have the same counsel from OFA legal to assigned to the same file.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Salman Qadir
To:	Kelly Listoe; Lisa Stein
Cc:	Shajee Kathirgamanathan
Subject:	FW: IESO Credit facility
Date:	Monday, April 03, 2017 9:29:03 AM
Attachments:	Transmittal Memo_IESO Credit Facility_31MAR2017.pdf

FYI

From: Gavin He
Sent: Monday, April 03, 2017 9:17 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO Credit facility

Hi Salman,

FYI – DM signed the IESO credit facility and is with MO now.

Regards,
Gavin He

From: Pearce, Christopher (MOF) [mailto:Christopher.Pearce@ontario.ca]
Sent: Monday, April 03, 2017 9:02 AM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: IESO Credit facility

DM signed on Friday. With the MO for Minister's sign-off.

P.S. Welcome Anna!

Christopher Pearce
Senior Policy Advisor
Deputy Minister's Office | Ministry of Finance
p: 416.325.8736 | bb: 647.981.7551
christopher.pearce@ontario.ca

Ministry of Finance
Office of the
Deputy Minister
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Tel (416) 325-1590
Fax (416) 325-1595

Ministère des Finances
Bureau du
sous-ministre
Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél (416) 325-1590
Téléc (416) 325-1595

Ontario

MAR 3 1 2017

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister

SUBJECT: **Minister's Directives to the OEFC to Provide a Loan and a Revolving Credit Facility Extension to the IESO**

Attached for your review and signature, as recommended by staff, are Minister's Directives to direct the Ontario Electricity Financial Corporation (OEFC) to continue to provide both a loan and a revolving credit facility to the Independent Electricity System Operator (IESO).

OEFC's mandate includes providing financial assistance to Ontario Hydro successor companies, which includes the IESO.

The IESO has requested that the loan agreement and the revolving credit agreement be extended from the current expiry date of April 30, 2017 to June 30, 2020 (approximately 3-year term), with the loan amount increasing to $120 million (currently $90 million) and the revolving credit agreement increasing to $160 million (currently $95 million) in order to provide it with flexibility meeting its future cash requirements.

The extension and increase in the loan and revolving credit facility would support the IESO's short and medium term funding needs related to the implementation of its Market Renewals program and provide the IESO with flexibility to manage anticipated and unanticipated changes in funding needs.

Attached is a briefing note for your consideration, as well as Directives for your signature. Staff are available to answer any questions you may have regarding this matter.

Scott Thompson

Attachments
c. Gadi Mayman
Ronald Kwan

From:	Lisa Stein
To:	Bruno Amara
Cc:	William Tan
Subject:	FW: IESO DIRECTIVE decrease line of credit.docx
Date:	Thursday, August 03, 2017 1:43:53 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx
Importance:	High

Never mind, I found correspondence on this matter from Sarah H. indicating that this directive was not required.

From: Lisa Stein
Sent: Thursday, August 03, 2017 1:20 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit.docx
Importance: High

Hi Bruno,

Was the attached directive ever finalized/executed? If so, can you please send me the final executed version?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From: William Tan
To: Gavin He
Cc: Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject: FW: IESO DIRECTIVE decrease line of credit
Date: Thursday, July 20, 2017 11:15:10 AM

Hello Gavin,

I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.

Thanks,

Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah and all,

Sorry we were tied up with a few deliverables today, so we haven't had a chance to discuss this within the Branch (and with Ron) yet. We will try to get clarification soon.

Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?

Thanks,
Gavin He

From: Sarah Harris
Sent: Wednesday, July 19, 2017 3:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah N.,

Thanks for the summary. Will had a chat with Ken and will be providing more details soon, but the bottom line is that the argument can be made that 'liquidity purposes' is broad enough to cover temporary funding of corporate requirements, as well as anything under the reg. That being said, if there is the opportunity to get a new Directive to clarify, he said that would be better.

Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?

Thanks,
Sarah

From: Sarah Neville
Sent: Wednesday, July 19, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

i. to fund IESO deferrals under section 23 of that Act, and

ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: IESO Directive and Credit Facility
Date:	Tuesday, June 13, 2017 11:26:59 AM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx IESO_OFA FHP 2017 Credit Letter - SIGNED.docx 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v1.docx

Background information. I note that I'm also preparing a directive in relation to the decrease of the original line of credit to IESO.

From: Salman Qadir
Sent: Tuesday, June 06, 2017 3:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: IESO Directive and Credit Facility

Hi Lisa/all,

I thought I'd take this time to send around some background information that you may or may not have – just to ensure we're working from the same documents for reference.

Please see attached:

1) LRC Approval Form: Some background notes on the OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
2) Proposed OIC: OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
3) Request Letter from IESO outlined some of the key terms of the proposed agreement. OFA agrees with the request.
4) To help facilitate, I used an older directive (Algonquin College from 2011), did a new version for this agreement. Defer to Lisa on the language though.

Timing:

- Unless otherwise instructed, we are looking to have the agreement in place for July 1, 2017 (business day: July 3, 2017).
- We're hoping that we can finalize the directive by next week. Both the agreement and the directive are expected to be worked on simultaneously.
- We should aim to get a first draft agreement to IESO as soon as we can as well.
- OIC should be in approved for Tuesday, June 27, 2017.

As I type this, I do not think we can have the directive signed before the OIC is approved since the directive makes reference to the OIC. Any thoughts on this are welcome.

Happy to discuss further once you have reviewed, as needed.

Thank you,
Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make a loan to Independent Electricity System Operator ("IESO") in a total amount of up to CAD $2,000,000,000.00 (the "Loan").

Commented [SQ21]: Consistent with OIC.

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of the Fair Hydro Plan, under the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ("Spread").

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

Commented [SQ22]: Consistent with OIC.

5. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the Spread, if any, for the Loan as set out above.

Dated , 2017

_____
Charles Sousa
Minister of Finance

From: William Tan
To: Caroline Swerdlyk
Cc: Sarah Harris; Sarah Neville; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:30:29 PM
Attachments: IESO_OFA FHP 2017 Credit Letter.docx
History of IESO OFA Amending Agreements.doc

Hello Caroline,
Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan ; Sarah Harris
Cc: Sarah Neville
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,
I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of

this file? We may need to meet to discuss:

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous terms of Advance from not later than 1 month, 2 months and 3 months after the requested date of the Advance period to a period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From: Anthony Martinello
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Monday, August 28, 2017 3:38:55 PM
Attachments: FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28.docx

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Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), ~~E~~each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any previous Advance and any amount of interest on such previous Advance, and may also add a new Advance principal amount (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice for~~to continue~~ a~~n~~ Continued Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the amount of the Advance or portion thereof to be continued and to which the election request applies; (b) the amount of interest or principal, if any, to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (~~c~~d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further

multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the

IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by

proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB2]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO (i) elects to continue for an additional term all or a portion of an previous Advance or (which may include a Continued Advance, as the case may be), for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any), and in connection with the foregoing, such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election and new Advance (if any), being a Business Day, is _____.

(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].

(b)(be) The IESO will pay on the current Repayment Date the following amounts (if any):

i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.

(c)(cd) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:

i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; and and,

ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and,

iii. amount of new Advance $_____.

(d) (e)The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

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Use of Funds

The IESO hereby certifies that the funds comprising the Continued~~proposed new~~ Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Lisa Stein; Bruno Amara
Cc: Sarah Harris
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 6:17:36 PM

Hi Bruno and Lisa,
FYI, I have called Anthony/Victor to explain the context for the execution. For example, IESO has to review and sign-off on the drafts and that they are now aware that we expect to have the directive signed next week.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 5:16 PM
To: 'Anthony Martinello' ; 'Victor Buza'
Cc: Sarah Harris ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Harris; Sarah Neville; Lisa Stein
Subject:	FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 6:06:53 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf IESO Directives.msg

Hello,
These are all directives I have.

From: Sarah Neville
Sent: Wednesday, August 30, 2017 4:50 PM
To: William Tan
Cc: Caroline Swerdlyk ; Sarah Harris ; Lisa Stein
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi - It also just occurred to me that we should also double check the various Directives issued to support the amendments to the IES0 $975 line made over the years to make sure/confirm that the proposed changes are not somehow offside what minister has directed.

Thanks very much
Sarah

Sent from my iPhone

On Aug 30, 2017, at 4:30 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Caroline,
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
> Thanks,
> Will
>
> **From:** Caroline Swerdlyk
> **Sent:** Wednesday, August 30, 2017 3:16 PM
> **To:** William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Cc:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Subject:** FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

  (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

  (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

  (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: IESO Directives
Date: Monday, July 17, 2017 16:29:07
Attachment 1: OFA-IESO-Minister Directive 2013.pdf
Attachment 2: OPA Loan Increase 2005-2006 (500-77.1).pdf
Attachment 3: OPA Loan Extension 2006-2010 (500-77.1.2).pdf
Attachment 4: OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf
Attachment 5: OFA-IESO-Minister Directive 2016 - 975M.PDF
Attachment 6: Minister Directive for IESO Credit Facility Approval.pdf

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Hi Sarah,

Please find all the directives.
The most latest directive is called "Minister Directive for IESO Credit Facility Approval"
Let me know if you require anything else.

Thanks,

Will

From: Salman Qadir
Sent: Tuesday, June 13, 2017 1:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi Lisa,

Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx

I think the ones attached are all of them. I also attached the latest one from late 2016.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.

Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: William Tan
To: Andrea Dalgarno; "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement
Date: Monday, August 14, 2017 4:18:08 PM

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]
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From: William Tan
To: "Anthony Martinello"; "Victor Buza"
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement
Date: Tuesday, August 15, 2017 8:03:16 AM

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]
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From: Anthony Martinello
To: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein; William Tan
Cc: Victor Buza
Subject: FW: IESO Grid Notes
Date: Wednesday, August 30, 2017 3:41:46 PM
Attachments: IESO RPP Grid Note as at Aug 21st.pdf
IESO RRRP Grid Note as at Aug 21st.pdf

Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.
Regards,

Ontario

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Lisa Stein on behalf of Salman Qadir
To: Kenneth Russell; Lisa Stein; Bruno Amara; Sarah Harris; William Tan
Cc: John Kim
Subject: FW: IESO Minister"s Directive
Attachments: Directive IESO FHP 2017 v2.docx

-----Original Appointment-----
From: Salman Qadir
Sent: Wednesday, June 14, 2017 12:19 PM
To: Salman Qadir; Lisa Stein; Bruno Amara; Sarah Harris; William Tan
Cc: John Kim
Subject: IESO Minister's Directive
When: Wednesday, June 14, 2017 2:30 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom CEFD ADM

Hi all,

Setting up this time for a meeting this afternoon. I think this works for all.

Salman

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	Lisa Stein
To:	Kenneth Russell
Subject:	FW: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Thursday, April 27, 2017 9:26:54 AM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26.doc

Further to my earlier e-mail, here is the credit facility agreement. I believe the concern is more in relation to the Note agreement.

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act*, *1998* (as such regulation may be amended

or replaced from time to time)-, other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each

payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Sarah Harris
To: Gavin He
Cc: Lisa Stein; William Tan; Ryan Blackbyrne; Jean-Francois Beaupre
Subject: FW: IESO / OEFC - $120MM and $160MM
Date: Thursday, November 09, 2017 8:53:42 AM
Attachments: IESO-OEFC - FHP LoC_Nov 2017_v2.docx

HI Gavin,

Could you please include Ryan Blackbyrne and Jean-Francois Beaupre on these e-mails. Ryan will be working on OEFC amendments and Jean-Francois will also be reviewing during my pending absence next week.

Thanks,
Sarah

From: Gavin He
Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa, Sarah, and William,

Following my email on Tuesday, EFB has drafted the attached note on the IESO's request on the OEFC credit facility, including the background information, our recommendation, and the rationale. Could you please review the accuracy of the note and would you be able to provide me with your feedback before noon today?

Sorry for the short turnaround time, but we all would like to move on this as soon as possible.

Thanks,
Gavin He

From: Lisa Stein
Sent: Wednesday, November 08, 2017 9:55 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Thanks for the update Gavin.

From: Gavin He
Sent: Tuesday, November 07, 2017 4:02 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Sarah H.,

We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

We will get a policy direction soon and will draft a note for you to review once it's ready.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, November 06, 2017 9:43 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

No, I don't think the OFA Lending Policy would apply to these OEFC loans. The OFA Lending Policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

From: John Kim
Sent: Sunday, November 05, 2017 1:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: IESO / OEFC - $120MM and $160MM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

Hi John,

We've received no internal direction on the nature of changes IESO is looking for in relation to existing OEFC credit facility with the IESO and the FHP. I surmise it may have to do with adjusting the agreement to allow FHP permitted liens (which we would need internal approval to do) or similar changes, but do you know if IESO communicated requirements to Gadi or Ron?

Thanks,
Sarah
Sent from my iPhone

Begin forwarded message:

From: Anthony Martinello <Anthony.Martinello@ieso.ca>
Date: November 5, 2017 at 11:02:50 AM EST
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.

Regards.

From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make amendment to the definition of the permitted liens.

CONTEXT

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"), OFA recently amended the credit facility agreement between OFA and the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

The OFA credit facility agreement was amended due to additional roles IESO is taking on under Ontario's Fair Hydro Plan. To fufil its obligation, the IESO will need a general grant of security on any lien arising from the IESO's role and obligations under the OFHP. Therefore, the OFA credit facility agreement was amended to allow for such a general grant of security.

For the same reason, the IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make the similar amendment. Specifically, adding a clause in the OEFC credit facility agreement that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OEFC.

RECOMMENDATION

- To maintain a consistent approach with IESO's credit facilities, CEFD staff and IESO are of the view that the exisiting OEFC credit facility should amend the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, such change to the permitted liens is still required in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.
- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP. Below are the related changes made to the OFA credit facility:

  Excerpt from the excuted OFA IESO Amending Agreement #10:

  > *The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):*
  >
  > > *"(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."*

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 08, 2017

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject:	FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Tuesday, July 25, 2017 10:07:29 AM
Attachments:	statement of policy.pdf Incumbencycert.pdf

Hello Lisa

Below are the items I asked for below. Victor says that the Delegation of Authority may not apply here. I anticipate that IESO is offering to provide a IESO Statement of Policy as an alternative to Delegation of Authority? If so, according to the sample (provided in the past) which provides signing authorities and amounts would be a good alternative to the Delegation of Authority. Can you arrange to speak with Victor and please include me in the invite.
Resolution of the Board of Directors,
Certificate of Incumbency and
Delegation of Authority (IESO Statement of Policy).

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 9:41 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.
"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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ONTARIO POWER AUTHORITY STATEMENT of POLICY			
Office of Primary Responsibility:	Business Strategies & Solutions	Policy No.	**FIN-05**
Section:	Corporate Governance	Effective:	Sept. 8, 2005
Approved by:	**Board of Directors**	Last Revised:	Oct 20, 2010
Subject:	**SIGNING AUTHORITIES**	Page:	1 of 6

1 PURPOSE

1.01 The purpose of this policy is to denote the type and level of authority delegated by the Board of Directors to specific OPA employees.

2 SCOPE

2.01 This policy applies to the Board of Directors and all employees of the company for all transactions made on behalf of the OPA.

3 POLICY

3.01 The Signing Authorities Policy table is, at all times, to be read in conjunction with the following statements of principle:

- All transactions approved by OPA employees must be in accordance with this Signing Authorities Policy and all OPA corporate policies in place at that time (e.g. Employee Code of Conduct, Business Expense Policy, Conflict of Interest, Human Resources, OPA Procurement Policy, etc.).
- The OPA Board of Directors holds ultimate responsibility for the affairs of the OPA. Article 5.1 of the Governance & Structure By-Law allows the delegation of certain powers or duties by the Board.
- The OPA Board has delegated authorities based on both the dollar value and the specific nature of a transaction. Irrespective of the transaction being within levels delegated by the OPA Board, in all instances, consideration must be given as to whether the transaction is of a sufficiently important nature to be brought to the Audit Committee of the OPA Board for recommendation of support for subsequent approval by the OPA Board. Guidance may be obtained from Finance department.
- All changes to the Signing Authority Policy require the approval of the OPA Board of Directors.

3.02 Except for temporary delegations of signing authority, in no instance may one hundred percent of the authorities delegated within this policy be delegated downward to the next level within the organization.

3.03 Unless otherwise authorized by the CEO, signing authority may be delegated to OPA employees only. On an exception basis, the CEO may authorize delegation of signing authority for specific items to those individuals or employees of other organizations who are performing work on behalf of the OPA.

3.04 No person is authorized to sign a cheque or otherwise authorize a payment to himself or herself or to a person or entity in which, under the OPA's Conflict of Interest policy, they have a material interest.

3.05 Signing authority may be delegated on a temporary basis by completing a "Delegation of Signing Authority" form. This form must include approvals of the delegating signing authority and the delegating authority's supervisor. Delegation for individual competitive procurement transactions can be done electronically within the accounting application by the individual delegating the authority and without the approval of their immediate supervisor.

3.06 No political donations of any type are allowed, regardless of the amount. No employee shall be allowed reimbursement, directly or indirectly, for any political donations. The definition of political donations includes any money paid or assumption of expenses incurred for goods or services in relation to any political party, constituency, or candidate for public office.

3.07 The CEO must approve all charitable donations made by the OPA in advance of such donation.

3.08 All legal agreements, except for previously approved standard OPA legal agreements, are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature, regardless of the dollar value or the length of the agreement. All standard legal agreements with potential to have a significant financial impact are to be submitted to Legal, Aboriginal & Regulatory Affairs for review prior to signature. Standard legal agreements and purchase orders are to be used only in those circumstances determined by Legal, Aboriginal & Regulatory Affairs.

3.09 The signature of the authorizing individual, or in the case of the Board of Directors, a resolution or minutes attesting to the matter, signed by the Secretary of the Board, constitutes authorization.

3.10 **Signing Authorities Policy Table**

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
A. Managing Within Approved Budget				
1. Reallocation of Approved Corporate/Business Unit Budget	$500,000	$250,000		
B. Regular Staff Levels (FTE Count)				
1. Redistribution of Staff (within approved budget)	Within the OPA	Within the Division		
C. Individual Procurement Transactions – For additional details, refer to Appendix 1				
1. Management Consulting Services including Contract Staff; and, General, Commodity, Infrastructure, and Services Purchases				

[1] Includes Legal Counsel, Senior Planners, and all other staff with "Manager" in their title

Description	**CEO**	**Vice-President**	**Director**	**Manager**[1]
Competitive	$1,000,000	$250,000	$100,000	$50,000
Non-Competitive	$250,000	$100,000	$5,000	$5,000
Non-Competitive Consulting	$100,000	$100,000		
2. Individual Procurement Transactions for External Legal Services				
Competitive	Over $250,000	$250,000	$100,000	$50,000
Non-Competitive	Over $100,000	$100,000		
D. Assets				
1. Sale or write-off of Surplus Capital Assets (Net Loss on Sale/Disposal) / Write-Down or Write-Offs of All Other Assets	$500,000		$100,000 (Dir. Fin. only)	
E. Cheques				
1. Manual	Any two of the following: Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Automated	The automated/electronic signature of any one or two of the following: The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
F. Chief Executive Officer's Expenses				
1. Approval of CEO's expenses	Chair of the Board, or, in his or her absence, the Chair of the Audit Committee			
G. Electricity Supply Procurement and Service Contracts				
1. Make periodic payments to electricity supply counterparties for all procurement and service contracts	Any two of the following: CEO, Vice Presidents, Director of Finance and Director of Contract Management			
H. Investments and Borrowings				
1. Approve an investment in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			
2. Initiate a loan or borrowing transaction in accordance with the Treasury Policy	Any two of the following The Chair of the Board, CEO, Vice Presidents, or Director of Finance			

3.11 Notwithstanding sections 3.01 and 4.06, the Chief Executive Officer shall have the authority to revise this Policy in respect of position designations below the level of the Chief Executive Officer, and the definitions in clauses 5.01 and 5.02 in section 5.

3.12 Authorities delegated to individuals holding positions named in this Signing Authorities Policy shall only be exercised to execute transactions within the scope of their position and responsibility.

4 RESPONSIBILITY

4.01 **All employees** are responsible for:

- Ensuring that the necessary approval has been given before a commitment is made on behalf of the OPA.

4.02 **Holders of Delegated Authority** are responsible for:

- Informing Finance Department of approved delegations of authority through completion of the Delegation of Authority Form or by delegating the authority electronically within the accounting application as described in 3.05.
- Requesting guidance from Finance department when a contemplated transaction is within delegated authority but may be of sufficient importance to require prior review by the Audit Committee of the Board of Directors
- Requesting review from Legal, Aboriginal & Regulatory Affairs department of all standard legal agreements with potential to have a significant financial impact; and
- Review, approval and signature, pursuant to the Signing Authority Policy, of Business Unit requisitions and contracts.

4.03 **Finance** department is responsible for:

- Maintaining a file of Delegated Authorities;
- Working with Legal, Aboriginal & Regulatory Affairs in providing guidance regarding transactions whose nature or importance may warrant the attention of the Audit Committee of the OPA Board prior to procurement;
- Periodic review of the Signing Authorities Policy; and
- Annually preparing a report listing all payments made to, or on behalf of, the OPA's Chair and CEO for review by the Board of Directors.

4.04 **Legal, Aboriginal & Regulatory Affairs** department is responsible for:

- Development of standard legal agreements and general guidelines for their use;

- Assisting Finance in reviewing the use of a standard legal agreement in a situation with potential to have a significant financial impact; and
- Review and approval of all non-standard legal agreements.

4.05 **CEO** is responsible for:

- Approval, where warranted, of delegation of authority to those individuals or employees of other organizations who are performing work on behalf of the OPA; and
- Approval, in advance, of all charitable donations made by the OPA.

4.06 **Board of Directors** is responsible for:

- Approval of changes to the Signing Authorities Policy; and,
- Review of report of all payments made to, or on behalf of, the OPA's Chair and CEO.

5 DEFINITIONS

5.01 **Vice-President** includes direct reports to the CEO but excludes Executive Assistants and Administrative Assistants

5.02 **Director** includes direct reports to the Vice Presidents that have "Director" in their title

5.03 **Manager** includes direct reports to Vice-Presidents or Directors, including legal counsel, senior planners and other staff with "Manager" in their title, but excludes Executive Assistants and Administrative Assistants.

5.04 **Contracts** are binding agreements between two or more parties which may be issued in the form of a Purchase Order or a contract approved by Legal, Aboriginal & Regulatory Affairs department.

6 REFERENCES AND RELATED STATEMENTS OF POLICY AND PROCEDURE

Procurement Policy; Code of Conduct for Officers, Employees and Agents of the OPA; Records Management Policy.

Appendix 1

Competitive Procurement Consulting Services/Goods and Non-Consulting Services *Excluding External Legal Services*	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Up to **$1,000,000**	Requires approval of CEO
Over **$1,000,000**	Requires approval of Board of Directors

Non-Competitive Procurement Consulting Services *Excluding External Legal Services*	
Up to **$100,000**	Requires approval of VP
Up to $1M	Requires approval of CEO, Board of Directors and Minister of Energy and Infrastructure
$1M or more	Requires approval of CEO, Board of Directors and Treasury Board/Management Board of Cabinet

Non-Competitive Procurement [1] [2] Goods and Non-Consulting Services *Excluding External Legal Services and Consulting Services*	
Up to **$5,000**	Requires approval of Manager or Director
Up to **$100,000**	Requires approval of VP
Up to **$250,000**	Requires approval of CEO
Over **$250,000**	Requires approval of Board of Directors

Competitive Procurement of External Legal Services	
Up to **$50,000**	Requires approval of Manager
Up to **$100,000**	Requires approval of Director
Up to **$250,000**	Requires approval of VP
Over **$250,000**	Requires approval of CEO

Non-Competitive Procurement of External Legal Services	
Up to **$100,000**	Requires approval of General Counsel, VP, Legal Aboriginal and Regulatory Affairs
Over **$100,000**	Requires approval of CEO

[1] Non-competitive contracts or purchase orders totaling $5,000 or over require a justification memo, to be submitted at the time of contract development.

[2] Delegation of authority and non-competitive procurement: VPs may not delegate authority to any other level of employee to authorize and sign a non-competitive contract. The CEO becomes the signing authority when the VP is absent.

All dollar values listed above exclude HST.

Any decision of the Board of Directors to appoint a delegate that is not listed in the above matrix to authorize any procurement will override the Signing Authorities Policy.

ONTARIO POWER AUTHORITY POLICY STATEMENT			
Office of Primary Responsibility	Finance and Administration	Policy #	**FIN-01**
Subject:	TREASURY POLICY	Page:	1 of 4
Approved by	Board of Directors	Effective	June 9, 2009
		Revised	Apr 1, 2009

1. POLICY STATEMENT

This policy establishes the requirements and guidelines for the management of the OPA's cash flows as well as the related banking, borrowing and investment activities.

2. PURPOSE:

The purpose of this Statement of Policy is to establish a framework for the sound and efficient management of the OPA's cash flows, as well as related banking, borrowing and investment activities

3. SCOPE

This policy applies to all management and staff of the OPA, or its service providers or agents, dealing with cash management, as well as related banking, borrowing and investment activities.

4. RESPONSIBILITY

4.01 **Manager, Treasury** is responsible for:

- Ensuring sound and efficient cash management, banking, borrowing and investment activities
- Investing only in the types of contracts permitted as listed below
- Not entering into prohibited contracts as listed below
- Developing and maintaining a daily cash flow spreadsheet.
- Developing and maintaining a cash flow forecast.
- Completion of a variance analysis between cash flow forecasts and actual cash flows in order to identify their cause and to improve cash flow forecasting.
- Ensuring that the OPA's borrowing requirements are met in a sound and efficient manner
- Performing a credit review of issuers, guarantors and instruments before submitting for approval by the CFO (or equivalent) and the CEO (or equivalent), including but not limited to, the entity's past business record, credit rating history and stability (where available), and, if possible, the entity's future prospects.
- Monitoring on an ongoing basis the credit record (or other measures of

financial robustness) of approved issuers, guarantors, and instruments after they have been approved

- Reporting on approved issuers, guarantors and instruments to the Board of Directors
- Ensuring ongoing compliance with the exposure limits as listed in Schedule I
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on exposures exceeding 75% of the approved credit limit
- Reporting to the Director, Finance, the Chief Financial Officer (or equivalent) and the Chief Executive Officer (or equivalent) on any exposures exceeding the approved credit limit including the development of a plan to reduce the exposure to the limit
- Completion of a quarterly Treasury Report listing all investment and borrowing activities for the quarter.
- Development of an annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Maintaining banking relationships including making recommendations on the opening/closing of bank accounts and the requirements for banking services.
- Recommending any additions/deletions/changes to the policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.

4.02 **Director, Finance and Administration** is responsible for:

- Monitoring compliance with this policy
- Review of the quarterly Treasury Report.
- Review of any proposed additions/deletions/changes to this policy.
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors.
- Review of the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities as prepared by the Manager, Treasury.

4.03 **The Chief Financial Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Reporting on at least a monthly basis on the compliance of the OPA's cash management and related banking, borrowing and investment activities with this policy statement to the CEO (or equivalent).
- Together with the CEO (or equivalent), approve all issuers, guarantors, dealers and instruments before they are employed in the borrowing and investment activities of the OPA

- Reporting to the Board of Directors on any counterparty exposures exceeding the approved credit limits including the plan to reduce the exposure to the limit as reported by the Director, Finance and Manager, Treasury.
- Reporting the up-to-date cash-flow forecast to the OPA Board of Directors on a quarterly basis
- Reporting on a quarterly basis any new or changes to approved issuers, guarantors, dealers and instruments to the OPA Board of Directors
- Presenting the quarterly Treasury Report to the Audit Committee.
- Reviewing any proposed additions/deletions/changes to the policy before submission to the OPA Board of Directors.
- Approval of the purchase of investments within signing authority levels.
- Reporting on the implementation of the annual plan to the Board of Directors on a quarterly basis
- Compliance with the code of conduct and conflict-of-interest policy as approved by the OPA Board of Directors

4.04 **Chief Executive Officer** (or equivalent) is responsible for:

- Prudent and effective risk management practices
- Presenting the annual plan and revisions to the OPA Board of Directors for approval
- Reporting at least quarterly to the OPA Board of Directors regarding compliance of the OPA's cash management and related banking, borrowing, and investment activities with this policy statement.
- Reporting to the OPA Board of Directors on a quarterly basis regarding the implementation of the annual plan and any exposures from the OPA's cash management and related banking, borrowing and investment activities
- Reporting to the OPA Board of Directors on any plans required to reduce or eliminate credit exposures
- Reporting to the Board of Directors any violations of this Investment Policy
- Together with the CFO (or equivalent), approving all issuers, guarantors, dealers and investments before they are employed in the borrowing and investment activities of the OPA; and
- Reviewing this policy statement from time to time, proposing changes to this policy statement to the OPA Board of Directors and presenting reasons and risks inherent in the proposed changes and corresponding risk controls.

4.05 **Board of Directors** are responsible for:

- Ensuring the policy statement does not contain any policy or procedure that would conflict with the requirements of sections 1-3 of Ontario Regulation 423/04
- Must bear in mind the timing considerations of the OPA's investments and borrowings in relation to the OPA's expected cash flow requirements in preparing the statement referred to in Ontario Regulation 423/04 section 4(1).
- Approving the annual plan presenting the forecast ranges of operational cash flows on a monthly basis and resulting investment and borrowing strategies and activities.
- Approving any in-year adjustments to the annual plan
- Determining the senior officers of the OPA who shall execute contracts for banking services
- Approve any amendments to this Investment Policy statement.
- Ensuring compliance of the OPA's cash management as well as related banking, borrowing, and investment activities with this policy statement.
- The Chair of the Board of Directors may grant exceptions to this Investment Policy to satisfy operational needs as long as the exception does not lead to a violation of the regulation.
- Reviewing exceptions to this policy statement approved by the Chair between Board meetings.
- Ensure the policy and amendments are approved by the Minister of Finance.

4.06 **Internal Audit is responsible for:**

- Periodically reviewing the cash management and related banking, borrowing and investment activities to ensure compliance with this Investment Policy.

5. DEFINITIONS

5.01 **Permitted Borrowings:**

1. All borrowing must be denominated in Canadian dollars
2. Borrowing shall only be for the purposes permitted under Ontario Regulation 423/04
3. Permitted borrowing instruments include:
    a. Loans
    b. Bank lines of credit
    c. Issuance of short-term paper or bonds
        1. Short-term paper or bonds must be transacted through securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on the securities dealers:
            i. Credit-worthiness

ii. Timely and efficient execution and settlement of transactions
iii. Responsiveness
iv. Costs and
v. Value of services provided

and

2. A fiscal agent approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the fiscal agents:
   i. trust-worthiness
   ii. reliability in recording and transferring securities and funds between investors and the OPA
   iii. responsiveness
   iv. costs and
   v. value of services provided

5.02 **Permitted Investments:**

1. All investments must be denominated in Canadian dollars
2. Investments can only be made by the OPA in those types of securities permitted under Ontario Regulation 423/04.
3. Investments in financial instruments are permitted if they:
   a. Satisfy the requirements of the Investment Policy
   b. Have a term of one year or less from the date of purchase
   c. Meet the credit rating requirements listed in Schedule I to this policy
4. When investing in eligible securities, the OPA shall transact through:
   a. Securities dealers approved by the CFO (or equivalent) and the CEO (or equivalent) based on their:
      1. Credit-worthiness,
      2. Timely and efficient execution and settlement of transactions,
      3. Responsiveness,
      4. Costs, and
      5. Value of services provided.

   and

   b. A custodian approved by senior officers of the OPA, as determined by the OPA Board of Directors based on the custodian's:
      1. trust-worthiness,
      2. reliability in recording and settling securities and funds between OPA,
      3. safekeeping of assets,
      4. responsiveness,
      5. costs, and
      6. value of services provided.
5. If a transaction does not settle, the OPA will work with the custodian to re-schedule the transaction. In addition, the OPA will arrange for

compensation for the failure or delay of the settlement if the OPA does not obtain contractual settlement provisions from the custodian.

6. If a counterparty to which the OPA has exposure defaults, the OPA will attempt to limit and recover its losses by exercising its rights as described in the applicable documentation, laws and regulations.

6.02 **Prohibited Borrowings:**

1. Borrowing in currencies other than Canadian dollars
2. Borrowing for purposes not permitted under Ontario Regulation 423/04

6.03 **Prohibited Investments:**

1. Interest rate or currency exchange agreements, forward rate agreements or any other type of financial agreement to manage its financial assets, liabilities or risks, except those permitted above
2. Investments in the types of securities not listed as permitted securities under Ontario Regulation 423/04
3. Investments in financial instruments:
   a. That fail to satisfy the requirements of the regulation
   b. With a term of more than one year from the date of purchase
   c. That are expressed or payable in any currency other than Canadian dollars
   d. That are in structured notes with embedded derivatives
   e. That the OPA cannot value, account or settle
   f. <u>That are any form of asset-backed commercial paper</u>

6.04 **Credit Limits**

- OPA will use DBRS short-term ratings to assign credit limits for short-term securities
- OPA will use Moody's or Standard & Poor's short-term ratings only if DBRS short term ratings are not available
- Where credit ratings are split between several rating agencies, the lowest rating shall apply
- Related issuers or guarantors will be treated as one issuer/guarantor
- The OPA CFO may set credit limits below the allowable maximum if warranted by the credit review
- Credit limits will be adjusted accordingly when the credit ratings of issuers, guarantors or instruments change
- In the case of a merger, the credit limit of the merged counterparty or issuer will correspond with the credit rating of the merged entity
- If an approved issuer, guarantor, or instrument is downgraded and the OPA holds a position in an affected security, the CFO will develop and

implement a plan to ensure that the exposure is in compliance with the lower limit

- Maximum credit limits are included in Schedule I. The purpose of the maximum credit limits are to ensure that credit exposures are diversified and remain within sound levels.

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON M5H 1T1
t 416.967.7474
www.ieso.ca

November 22, 2016

Mr. Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7

Dear Mr Listoe:

Re: IESO OFA, Amendment No. 9

Enclosed for your records are originals of (1) true copy of IESO board resolution dated November 15, 2016; (2) incumbency certificate setting forth all of IESO's current officers and directors, dated November 15, 2016 and (3) incumbency certificate signed by Kimberly Marshall, as authorized signatory of Amendment No. 9, dated November 22, 2016.

Yours truly,

Stephanie Yarmo
Legal Counsel
Planning, Legal, Indigenous Relations and Regulatory Affairs

Resolution of the Board of Directors

Independent Electricity System Operator

October 26, 2016

In Respect of the Renewal of the Existing $975 Million Credit Facility with the Ontario Financing Authority Expiring December 2016

BE IT RESOLVED THAT the renewal of the existing $975 million credit facility with the Ontario Financing Authority expiring December 2016 be approved as presented, and that authority is delegated to the Chief Financial Officer (or delegate) to draw on the facility.

I certify that this is a true copy of the resolution approved by the Board of Directors of the Independent Electricity System Operator on October 26, 2016.

John M. Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

November 15, 2016

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

Re: Officers and Directors of the Independent Electricity System Operator

The undersigned, Secretary to the Independent Electricity System Operator (the "**Corporation**"), hereby certifies that:

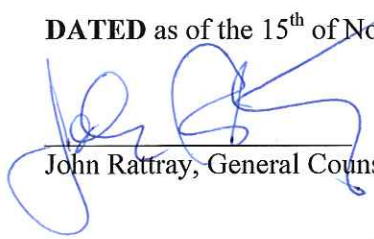
The current directors of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Timothy O'Neill	Director
Carole Workman	Director
Bruce B. Campbell	Director, President and Chief Executive Officer
Cynthia Chaplin	Director
Murray Elston	Director
William Museler	Director
Susanna Han	Director
Ronald Jamieson	Director
Margaret Kelch	Director
Bruce Lourie	Director
Deborah S. Whale	Director

The current officers of the Corporation as at November 15, 2016 are as follows:

Name	**Title**
Bruce B. Campbell	President and Chief Executive Officer
Kim Warren	Vice President, Market and System Operations; and Chief Operating Officer
Kimberly Marshall	Vice President, Corporate Services; Chief Financial Officer; and Treasurer
JoAnne Butler	Vice President, Market and Resource Development
Doug Thomas	Vice President, Information and Technology Services; and Chief Information Officer
Terry Young	Vice President, Conservation and Corporate Relations
Michael Lyle	Vice President, Planning, Legal, Indigenous Relations and Regulatory Affairs
John Rattray	General Counsel, Secretary and Chief Reliability Compliance Officer

DATED as of the 15th of November 2016.



John Rattray, General Counsel, Secretary and Chief Reliability Compliance Officer

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices, and has the authority to execute Amendment No. 9 to the credit agreement (the "**Amendment**") between the IESO and the Ontario Financing Authority and any other documents related to the Amendment or such credit agreement; and

2. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 22nd day of November, 2016.

John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 22nd day of November, 2016.

K Marshall

Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	FW: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Wednesday, July 26, 2017 8:46:59 AM
Attachments:	Incumbency Certificate - re OFA FHP Facility and Amndt#10 - July 24 2017.doc Certified Res"n_ Approval of Fair Hydro Credit Facility July 24 draft.doc

Hello Lisa,

Please find the Resolution of the Board of Directors for FHP and Certificate of Incumbency for FHP & Amending Agreement 10. I have reviewed the documents and have no comments. Please let me know if you have any concerns.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 3:26 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.

Regards,
Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe

Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and

level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

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Sent: Wednesday, June 21, 2017 11:25 AM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor

Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the **[DATE]** day of **[MONTH]**, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of _____, 2017.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of _____, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

"Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver:

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

From:	William Tan
To:	Sarah Neville; Gavin He
Cc:	Lisa Stein; Sarah Harris; John Kim; Shajee Kathirgamanathan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 20, 2017 12:00:56 PM
Attachments:	OFA IESO Amending Agreement 10.docx

Hello,

Gavin and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively

for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on

paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza

Subject: FW: IESO : OFA new FH credit facility

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Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

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Hello Anthony,

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Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
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Subject: RE: IESO : OFA new FH credit facility

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Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

Formatted: Font: Bold

Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time and provided that Advances may be used only for liquity purposes."~~subject to the following conditions:~~

   ~~The proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and~~

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

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~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"~~

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

From:	William Tan
To:	Gavin He
Cc:	Bruno Amara; Sarah Neville; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	FW: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 12:31:11 PM
Attachments:	OFA-OPA Amending Agreement No. 8 (Executed).PDF Re IESO OFA new FH credit facility.msg

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Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such

regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively

for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on

paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide

your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan | *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

From: Victor Buza [Victor.Buza@ieso.ca]
To: Bruno Amara [Bruno.Amara@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anthony Martinello [Anthony.Martinello@ieso.ca]
Subject: Re: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 17:18:51

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help

Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara

Sr. Manager, Financial and Regulatory Analysis

Electricity Finance Branch

Corporate and Electricity Finance Division

Ontario Financing Authority

Tel: 416-325-1489

Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079

1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: FW: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 11:55:54 AM
Attachments: Re additional IESO Proposed Changes to OFHP Credit Facility.msg

---

Hello Sarah N,

Below is background on a meeting on June 28 between Anthony (IESO), Sarah H, Lisa and Salman:

1. Capital Markets approved IESO's request to have a minimum 5 day and a maximum 95 day draw ($2 billion Credit Facility)
2. Anthony discussed in the event IESO funding needs were to exceed the $475 million before the current $975 million is reduced, IESO had another credit facility with TD that it would be able to draw on to fund any potential gap before the $2 billion facility is up and running.

From: Sarah Harris
Sent: Thursday, July 13, 2017 1:17 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Anthony,

Thanks very much for your reply and for the additional information on forecasted draws – very helpful. There should be no issue with signing the FHP facility by mid-August (hopefully we can wrap this up before August starts!).

Best,

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From: Mike Manning []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: Re: additional IESO Proposed Changes to OFHP Credit Facility
Date: Wednesday, July 12, 2017 07:06:28

Hi William:
I think we can accommodate 5 days.
Thanks, Mike

Sent from my iPad

On Jul 11, 2017, at 5:26 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Mike,
>
> We have received an email proposing a new change with respect to the IESO Credit Requirement letter for the Fair Hydro Plan.
>
> Noted in the original IESO FHP request:
>
> •□□□□□□□□ New $2 billion FHP Credit Facility
>
> •□□□□□□□□ Reduction of the existing credit facility from $975 million down to $475 million. ($2.475 billion total credit facility)
>
> •□□□□□□□□ 5 year term, expires September 30, 2022.
>
> •□□□□□□□□ Minimum 7 days, to a maximum of 95 days draw to minimize interest costs and permit efficient FHP asset transfers.
>
> Proposed change: minimum 5 days, to a maximum of 95 days draw.
>
> Mike, is the change from 7 days, minimum draw to 5 days, something we can entertain from a capital markets perspective?

I am including Bruno, John and Salman as they may have thoughts from an Electricity Finance perspective (I understand Ronald Kwan was circulated the original IESO FHP Credit Requirement request).

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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<mime-attachment>

<IESO_OFA FHP 2017 Credit Letter - SIGNED.DOCX>

From: Sarah Harris
To: Sarah Neville; Lisa Stein
Cc: William Tan
Subject: FW: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 7:35:31 AM

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

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Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Lisa Stein; Sarah Neville
Cc:	William Tan
Subject:	FW: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 11:10:11 AM
Attachments:	OFA IESO Amending Agreement #10 COMPARE IESO July 7 Draft to OFA Original Draft.docx

Hi Sarah/Lisa,

Just keeping you in the loop on the communication on the amending agreement for IESO. I'll let you know answer when Victor replies.

Thanks,
Sarah

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:07 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis

Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and ~~"), the OFA and OPA or IESO (as applicable) amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement ~~and prior to any further advances under the Credit Agreement~~, the IESO ~~shall execute~~has executed and ~~deliver~~delivered to the OFA (and included it in Schedule 1 to this Amending Agreement) a new grid promissory note in the principal amount of up to $475,000,000 ~~substantially in the form of the grid~~ , which note ~~attached hereto and indicating a~~ indicates the total principal amount of advances outstanding ~~to~~as of the date ~~of $114,383,131.40.~~hereof.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A1]: This is correct as of July 4 2017. Likely to change by mid-July.

Formatted: Left

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~**By:**~~_____

Formatted: Indent: Left: 2.5", First line: 0.5"

Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	"Anthony Martinello"
Cc:	Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein
Subject:	FW: IESO : OFA new FH credit facility
Date:	Wednesday, July 12, 2017 4:29:05 PM

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From: William Tan
To: Lisa Stein
Subject: FW: IESO : OFA new FH credit facility
Date: Wednesday, June 28, 2017 9:59:06 AM

Hello Lisa,

Please call me to discuss this when you have a moment.

Thanks,

Will

From: Salman Qadir
Sent: Wednesday, June 28, 2017 8:59 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi William,

If the credit agreement cannot be put in place this week, the alternative would be to actually amend the $975 agreement to update "purpose" to include FHP. The facility can likely still be used as written for FHP but amending it would provide clarity.

When the new one is ready, we would move over any drawdowns related to FHP to the new facility.

Reducing the $975 to $475 before the new one is in effect would not work for IESO.

Regards,
Salman

On Jun 27, 2017, at 10:52 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Anthony,
>
> Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
>
> Thanks,
>
> Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday. Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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<IESO_OFA Amendment No 10.doc>

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: IESO : OFA new FH credit facility
Date: Monday, July 24, 2017 2:03:22 PM

Hello Lisa,

Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.
I've created a table for planning purposes and for managing our own schedules. According to Anthony's email below, he hopes to have the $2 billion credit facility set up by mid-August.
I'm trying to be aggressive with my time line to account for any slippage.

Time Table

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO
July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority	IESO

	(IESO Statement of Policy).	

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B

line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	John Kim
To:	Lisa Stein
Cc:	Sarah Neville; Sarah Harris; William Tan; Gavin He
Subject:	FW: IESO credit facility - Intercept Letter
Date:	Tuesday, October 24, 2017 10:15:23 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx

Hi Lisa,

Pls. take a look. Ron had some edits which we reflected to IESO's version.

Thanks,

John

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 9:54 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility - Intercept Letter

Hi John – per our discussion yesterday, attached is a markup of the draft Intercept Letter, which now shows IESO's changes (as well as those previously provided by MOE).

Let me know if you have any questions.

Regards,
Victor
416-969-6079

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

Moody's (Gavin MacFarlane) has verbally raised their concern to me that the new $2B facility should be in place this month – main concern is that the IESO may/is rapidly burning through the $975M capacity at about $200M-$250M/month. Also, the first sale to Financing Entity is not expected until October(ish).
I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]

Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an~~The~~ intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The ~~OFA,~~ IESO and the Ministry of Energy ("ENERGY confirm and the OFA acknowledges ~~and confirm~~ that at this time there are no amounts appropriated by the Legislature for payment to the IESO [Energy to confirm] by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement")~~,~~ on an unsecured basis, the OFA requires ~~the Ministry of Energy ("~~ENERGY~~")~~ and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
    - If~~Under~~ the intercept provision is exercised, ~~which shall be included in the Loan Agreements,~~ the IESO ~~also~~ agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

DRAFT

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

- ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

- For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through any other agencies, bodies or other means.

Formatted: List Paragraph, No bullets or numbering

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

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DRAFT

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- ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

- For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through any other agencies, bodies or other means.

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DRAFT

From: John Kim
To: Lisa Stein
Subject: FW: IESO credit facility - Intercept Letter
Date: Tuesday, October 24, 2017 9:54:15 AM
Attachments: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24.docx

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Fyi.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 9:54 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility - Intercept Letter

Hi John – per our discussion yesterday, attached is a markup of the draft Intercept Letter, which now shows IESO's changes (as well as those previously provided by MOE).

Let me know if you have any questions.

Regards,
Victor
416-969-6079

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Sent: September 21, 2017 4:07 PM
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Cc: Sarah Harris; Victor Buza; Sarah Neville
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Thanks,

John

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Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

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I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

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I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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The OFA, IESO and the Ministry of Energy ("ENERGY") ~~-~~acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for payment to the IESO [Energy to confirm] by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

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These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

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- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

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- For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through any other agencies, bodies or other means.

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DRAFT

From:	Sarah Neville
To:	Lisa Stein
Subject:	FW: IESO credit facility - Intercept Letter
Date:	Tuesday, October 24, 2017 2:01:11 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx

Hi Lisa – have you responded to John on this yet? If not, can you give me a quick call?

Sarah

From: John Kim
Sent: Tuesday, October 24, 2017 10:15 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: IESO credit facility - Intercept Letter

Hi Lisa,

Pls. take a look. Ron had some edits which we reflected to IESO's version.

Thanks,

John

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 9:54 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility - Intercept Letter

Hi John – per our discussion yesterday, attached is a markup of the draft Intercept Letter, which now shows IESO's changes (as well as those previously provided by MOE).

Let me know if you have any questions.

Regards,
Victor
416-969-6079

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville

Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

Moody's (Gavin MacFarlane) has verbally raised their concern to me that the new $2B facility should be in place this month – main concern is that the IESO may/is rapidly burning through the $975M capacity at about $200M-$250M/month. Also, the first sale to Financing Entity is not expected until October(ish).
I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.

Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an~~The~~ intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The ~~OFA,~~ IESO and the Ministry of Energy ("ENERGY confirm and the OFA acknowledges ~~and confirm~~ that at this time there are no amounts appropriated by the Legislature for payment to the IESO [Energy to confirm] by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

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DRAFT

From:	John Kim
To:	Lisa Stein; Sarah Harris; William Tan; Sarah Neville
Cc:	Anna Strathy
Subject:	FW: IESO credit facility
Date:	Friday, October 06, 2017 10:16:24 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean.docx

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO credit facility

Hi Tom,

Pls. see attached draft letter agreement to get the discussion going. I believe you saw the short briefing note Ron shared with Steen on Tuesday.

We are available for a chat today to address any questions or comments.

Thanks,

John

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

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DRAFT

From:	John Kim
To:	Anna Strathy; Tobias P. Whitfield (MOF)
Cc:	Sarah Harris; Sarah Neville; Lisa Stein
Subject:	FW: IESO credit facility
Date:	Tuesday, September 26, 2017 11:49:14 AM

Fyi.

From: John Kim
Sent: Tuesday, September 26, 2017 11:48 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO credit facility

Hi Anthony,

We had a quick internal discussion and we are not quite there on the need to share this with OPG and their lawyers. If you feel strongly about it then I will take it back to get that direction but would it be possible to manage any concerns via proposed edits to the draft letter agreement?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
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Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

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I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.

Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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From:	John Kim
To:	Sarah Neville; Lisa Stein; Sarah Harris
Cc:	Anna Strathy
Subject:	FW: IESO credit facility
Date:	Tuesday, September 26, 2017 10:04:57 AM

Hi Sarah, Lisa and Sarah,

I have no issues…..would you have any concern with the IESO sharing with OPG.

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
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Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
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Y. John Kim
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Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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From: Sarah Neville
To: Lisa Stein
Cc: John Kim; Sarah Harris; Anna Strathy
Subject: FW: IESO credit facility
Date: Tuesday, September 26, 2017 10:04:45 AM

Hi Lisa – could you let us know if you see any concerns with this request?

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	John Kim
To:	Lisa Stein; Sarah Neville; William Tan; Sarah Neville
Cc:	Anna Strathy
Subject:	FW: IESO credit facility
Date:	Friday, October 20, 2017 8:07:53 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean.docx

Hi,

Pls. take a look at this once again and let me know if you have any comments. Thus far, IESO has not provided any edits but seem to be indicating that they are getting close to being prepared to sign.

IESO has indicated the following and I will ask you to give it some thought:

"DRAFT - The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables in favour of the Trust. This item is being discussed amongst all parties. If this proceeds, the IESO will have to amend/restructure its current credit facilities with TD Bank, OFA, and OEFC as all are unsecured pari-passu."

Thanks,

John

From: John Kim
Sent: Friday, October 06, 2017 10:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO credit facility

Hi Tom,

Pls. see attached draft letter agreement to get the discussion going. I believe you saw the short briefing note Ron shared with Steen on Tuesday.

We are available for a chat today to address any questions or comments.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch

Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement. The OFA, IESO and the Ministry of Energy ("ENERGY~~MOE~~") acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for the IESO [Energy to confirm] and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), on an unsecured basis, the OFA requires the Ministry of Energy ("ENERGY~~MOE~~") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY~~MOE~~ agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY~~MOE~~ agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").
    - Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY~~MOE~~ and seek

DRAFT

ENERGY~~MOE~~'s support in getting the IESO to pay the amounts owing within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, ENERGY~~MOE~~ will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by ENERGY~~MOE~~. Upon request, ENERGY~~MOE~~ will provide similar information to the Minister of Finance.

- ENERGY~~MOE~~ acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, ENERGY~~MOE~~ will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

From:	Lisa Stein
To:	Gavin He
Cc:	Sarah Harris; William Tan; Ryan Blackbyrne; Jean-Francois Beaupre
Subject:	FW: IESO-OEFC - FHP LoC_Nov 2017_v3.docx
Date:	Thursday, November 09, 2017 11:42:34 AM
Attachments:	IESO-OEFC - FHP LoC_Nov 2017_v3.docx

I should add one more comment. I believe there is more than one existing OEFC-IESO facility? Please clearly reference both facilities in the note.

I've copied Ryan and Jean-Francois as well, as per Sarah H.'s request.

Lisa

From: Lisa Stein
Sent: Thursday, November 09, 2017 11:40 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: IESO-OEFC - FHP LoC_Nov 2017_v3.docx

Hi Gavin,

As per your request, I've reviewed the note and I've made some initial comments and suggested amendments. As an overall comment, I believe the note requires restructuring and further clarification. Once you have had a chance to consider my comments, please send me a revised draft for review or send me a meeting planner and we can discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator ("IESO") has requested OEFC to ~~reopen the~~amend the existing credit facility agreement between OEFC and IESO (for $XX) to address the additional obligations the IESO is taking on under Ontario's Fair Hydro Plan.~~make amendment to the definition of the permitted liens~~.

CONTEXT

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"), OFA recently amended the credit facility agreement between OFA and the IESO [insert date] (the "OFA Agreement"). One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

The OFA credit facility agreement was amended due to additional roles IESO is taking on under Ontario's Fair Hydro Plan. To fufil its obligation, the IESO will need a general grant of security on any lien arising from the IESO's role and obligations under the OFHP. Therefore, the OFA credit facility agreement was amended to allow for such a general grant of security.

For the same reason, the IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make the similar amendment. Specifically, adding a clause in the OEFC credit facility agreement that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OEFC.

RECOMMENDATION

- To maintain a consistent approach with IESO's credit facilities, CEFD staff ~~and IESO~~ are of the view that the exisiting OEFC credit facility ~~should amend~~requires amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, such change to the permitted liens is still required in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.
- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP. ~~Below are the related changes made to the OFA credit facility:~~

~~*Excerpt from the excuted OFA IESO Amending Agreement #10:*~~

~~*The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):*~~

~~*"(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."*~~

Commented [LS1]: I recommend moving this to the background section with less detail and explaining the purpose for the amendment on its own, as the IESO OEFC credit facility agreement is separate and needs to be amended on its own merits.

Commented [LS2]: See above.

Commented [LS3]: Is this the only amendment? I'll review again once re-drafted as per above comments.

Commented [LS4]: I don't think this is relevant here

Commented [LS5]: There are no prior references to the FHP Credit Facility Agreement. Again, as per earlier comments, please add a reference to a background section.

Commented [LS6]: Is it actually required?

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Commented [LS7]: This is too detailed for a briefing note. I recommend deleting this.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 08, 2017

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE

From:	Lisa Stein
To:	Gavin He
Cc:	Salman Qadir; Sarah Harris
Subject:	FW: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:17:23 AM
Attachments:	01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN.docx 02 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo CEO-DM.doc 03 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo DM-Min.doc Directive IESO FHP 2017 v5.docx

Hi Gavin,

I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?

Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Provinces cost of borrowing for funds provided to the IESO under the facility.

- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are recovered from electricity ratepayers.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
  - The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

- Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
  - The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP.
  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
Reduction due to FHP	$(500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
June 23, 2017

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June 25, 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.

- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
- The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.

…2

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- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the Minister's signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province’s cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel.: 416 325-1590
Fax: 416 325-1595

Ministère des Finances

Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél. : 416 325-1590
Téléc. : 416 325-1595

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister

SUBJECT: **Minister's Directive to OFA to provide OPA a Credit Facility Extension**

Attached for your review and consideration is a Minister's Directive to the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.

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- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the your signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province's cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Scott Thompson

Attachments

c. Marianne Nguyen
Gadi Mayman
Ronald Kwan

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

From:	Sarah Harris
To:	Lisa Stein
Cc:	Opal Kandelas; William Tan
Subject:	FW: IESO
Date:	Tuesday, November 21, 2017 9:09:22 AM

Hi Lisa…Keeping you in the loop.

Sarah

From: William Tan
Sent: Tuesday, November 21, 2017 8:13 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO

fyi

From: John Kim
Sent: Monday, November 20, 2017 5:17 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO

Hi Anthony,

I think the steps we would take to allow it, if at all, could be quite onerous and time-consuming. Are there any specific concern they have that we should be able to address without actually letting them see the agreement?

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 20, 2017 5:05 PM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO

John, William,

TD Bank has asked to review the $2B Fair Hydro credit facility executed between IESO and OFA.

TD wants to gain comfort (themselves) that the credit facility is going to support the IESO's fair hydro transactions during the next 4 years.

I have verbally assured them of the above, but they wish to review themselves.

Let me know if I may share and TD will treat the document as confidential.

Regards.

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From: William Tan
To: Opal Kandelas; Mike Manning; John Kim
Cc: Ken Kandeepan; Lisa Stein; Carlos Yep; James Devine; Sarah Harris
Subject: FW: IESO/OFA - FH line
Date: Thursday, August 30, 2018 9:31:55 AM

Good morning,

Please see message below regarding additional information on the potential $2billion credit facility increase.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 30, 2018 9:10 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO/OFA - FH line

If no FH purchase is made during Sept....then we should talk in early Oct to begin the agreement amendment process.....assuming this will take 4-6 weeks.
Regards
Sent from my iPhone

On Aug 30, 2018, at 9:03 AM, William Tan <William.Tan@ofina.on.ca> wrote:

> **CAUTION:** This email originated from outside of the organization. Exercise caution when clicking on links or opening attachments even if you recognize the sender.
>
> Good morning Anthony,
>
> At what level would the line of credit have to reach before you begin the process of increasing the line of credit?
> Thanks for the notification.
>
> Will
>
> ---
>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** Wednesday, August 29, 2018 8:49 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Olga Whiteley <Olga.Whiteley@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** IESO/OFA - FH line
>
> Will

Just a courtesy email …nothing to do yet.

The IESO:OFA Fair Hydro line of credit is at about $1 billion drawn out of the $2 billion max capacity. We are drawing on avg about $200-300million/month.

The Fair Hydro Trust has not purchased the IESO's reg asset for a few months….if this continues I will be coming back to OFA to seek to increase the line of credit.

Regards.

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From:	Sarah Harris
To:	Opal Kandelas; Mike Manning; John Kim
Cc:	Ken Kandeepan; Lisa Stein; Carlos Yep; James Devine; William Tan
Subject:	FW: IESO/OFA - FH line
Date:	Wednesday, August 29, 2018 11:06:13 AM

Hello,

Please see message below from IESO. They may approach us looking to increase the $2 billion credit facility.

Thanks,
Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 29, 2018 8:49 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: IESO/OFA - FH line
Date:	Tuesday, September 04, 2018 9:56:17 AM

Hi Lisa,

The immediate matter pertaining to the roller/advance has been resolved.
The matter below to negotiate an increase to the $2B FHP is a separate matter. There is currently nothing to do. Anthony is monitoring the situation and will let us know in early October.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, September 04, 2018 9:38 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO/OFA - FH line

Hi Will,

I understand that Sarah N. worked on an IESO matter while I was away – has this matter been resolved or is this a new issue?

Thank you,

Lisa

From: William Tan
Sent: Thursday, August 30, 2018 9:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO/OFA - FH line

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Thanks,

Will

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To: William Tan <William.Tan@ofina.on.ca>
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Sent from my iPhone

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> **Sent:** Wednesday, August 29, 2018 8:49 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Olga Whiteley <Olga.Whiteley@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** IESO/OFA - FH line
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From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO/OFA - Signing Authority Documents
Date:	Tuesday, June 19, 2018 12:32:34 PM
Attachments:	Certified IESO Brd Resol"n June 14_17 re Credit Facilities - Nov 6 2017 per J Rattray.pdf Incumbency Certificate - revised - re OFA FHP and 2005 Facilities - June 19 2018.doc

---

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, June 19, 2018 12:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO/OFA - Signing Authority Documents

Hi Sarah. Following our call earlier and per item #1 of Will's email below, attached please find the updated form of Incumbency Certificate. Please confirm that this updated form is acceptable and we will proceed to have it executed.

In addition, for your convenience, I also attach the original certified Board Resolution authorizing, among other things, the "Chief Financial Officer or her delegate" with respect to making draws under the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility.

Please call me if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 5:22 PM
To: Olga Whiteley; Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO - Signing Authority Documents

Hello Olga,

My legal department replied back to me and unfortunately a redacted board resolution and certificate of incumbency is required.

Thanks,

Will

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

Options provided in May, 2018:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. ~~A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.

5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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" Resolution of the Board of Directors
Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 million and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS ...[Recital redacted]...

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility ...**[Redacted]**... on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true, redacted copy of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
November 6, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Barb Anderson has been duly appointed as, and as of the date hereof holds the offices of, Chief Financial Officer and Vice-President, Corporate Services (Interim) of the IESO and, for further certainty, has been vested with all of the duties and powers otherwise prescribed to such offices in a permanent capacity.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, the Chief Financial Officer has the authority from time to time to draw upon (i) the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended, and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the 6th day of November, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Barb Anderson _____

DATED this ____ day of _____, 2018.

_____
Michael Lyle
Vice-President, Legal Resources and Corporate Governance, General Counsel, Secretary, and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) Michael Lyle has been duly appointed to the offices of Vice-President, Legal Resources and Corporate Governance, General Counsel, Secretary, and Chief Reliability Compliance Officer and (ii) Michael Lyle holds, as at the date hereof, such offices.

DATED this ____ day of _____, 2018.

_____
Barb Anderson
Chief Financial Officer and Vice-President, Corporate Services (Interim)

From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: IESO_OFA FEP 2017 Credit Letter
Date:	Tuesday, June 20, 2017 12:46:33 PM
Attachments:	FHP_IESO_OPA Original Credit Agreement (DRAFT) SH Initial comments.docx FHP_IESO_OPA Original Credit Agreement (DRAFT) Compare.docx

Hi Lisa,

I'm sending this to you for a quick discussion re: material subsidiary. Don't bother opening it; I'll come down and quickly explain. Whether we keep or strip Material Subsidiary, the compare shows all the additions of this.

Sarah

From: Sarah Harris
Sent: Friday, June 09, 2017 1:01 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter

From: William Tan
Sent: Wednesday, June 07, 2017 9:30 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Sarah,

Question for you. I understand that advances in this agreement have a minimum of 7 days and a maximum of 95 days in length. In my mind the advances are fairly short and will mature fairly quickly. However, according to the proposed FHP OIC materials it indicates a maturity of Dec 31, 2047. I left some comments in the draft as well. We can discuss this in the morning.

Also, may I come in an hour later as I stayed late to work on this.

Thanks,

Will

From: Sarah Harris
Sent: Wednesday, June 07, 2017 1:05 PM
To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: IESO_OFA FEP 2017 Credit Letter

Thanks, Will.

Sounds good.

Sarah

From: William Tan
Sent: Wednesday, June 07, 2017 1:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter

Hi Sarah,

I believe I can get you a draft end of day today or tonight. I don't have anything particularly pressing right now to pass along.

From: Sarah Harris
Sent: Wednesday, June 07, 2017 12:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO_OFA FEP 2017 Credit Letter

HI Will,

On Monday, you initially mentioned that you thought you could provide a draft of the new credit facility today, but some things have gotten in the way. Please let me know what is on your plate (might be coming up) so I can re-delegate if needed. As mentioned, the credit facility is a high priority item which is time sensitive as it must be in place by June 30, and it must be vetted through OFA legal and negotiated with IESO.

Are you able to get provide a draft by tomorrow at 11 a.m.?

Also, please let me know if you have any questions or require any guidance on any points – if you feel it may be beneficial for me to review your draft to this point, I would be happy to do so.

Thanks,
Sarah

From: Sarah Harris
Sent: Tuesday, May 30, 2017 2:23 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

Hi Will,

I'm going to ask you to work on the amendment of an existing credit facility and the creation of a new credit facility, both IESO related.

Please take a look at the attached letter, and we can discuss tomorrow.

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, May 23, 2017 1:47 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO_OFA FEP 2017 Credit Letter

FYI.

Why it was sent to me directly, no idea.

Salman

From: Georgia Ritchie-Wust [mailto:georgia.ritchie-wust@ieso.ca]
Sent: Friday, May 12, 2017 2:08 PM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Kim Marshall <Kim.Marshall@ieso.ca>
Subject: IESO_OFA FEP 2017 Credit Letter

Hi,

At the request of Anthony Martinello, I'm forwarding a copy of the signed letter from Kim Marshall re the above-mentioned subject matter.

If you have any questions please feel free to contact Anthony Martinello directly at anthony.martinello@ieso.ca

Thanks,

Georgia Ritchie-Wust | Executive Assistant to Kim Marshall, VP, Corporate Services & CFO
Independent Electricity System Operator (IESO) | T: (905) 855-6379 | T: (416) 969-6012 | F: (905) 855-6459
Postal Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

Corporate Services collaborates with you to deliver solutions and expertise that enable the IESO to achieve its goals.

Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

Please consider our environmental responsibility before printing this email.

*"We are what we repeatedly do. **Excellence**, therefore, is not an act but a **habit**".*
.....(Aristotle)

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR ~~ONTARIO POWER AUTHORITY~~

as Borrower

and

ONTARIO FINANCING AUTHORITY~~ONTARIO FINANCING AUTHORITY~~

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN~~between~~:

~~A.~~ **INDEPENDENT ELECTRICTY SYSTEM OPERATOR**, as statutory corporation without share capital existing under the Electricity Act, 1998 ~~a corporation established under the *Electricity Act, 1998*~~ (~~the "~~"**IESO**~~OPA~~") (as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agency~~agency established under the Capital Investment Plan~~ce~~ Act, ~~1993 (~~1993 ("OFA" and together with the IESO, the "Parties")

~~B. (the "OFA")ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA"),~~

RECITALS**:**

WHEREAS The IESO~~OPA~~ has requested a~~n~~ short term revolving credit facility from ~~operating line of credit from the~~OFA for the purpose of its loan program, in the princip~~leal~~ ~~OFA in the~~ amount not to exceed Two Billion Dollars~~of~~ ($2,000,000,000);

~~500~~

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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~~million and the OFA has agreed to provide such a line of credit to the OPA.~~

~~NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:~~

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

~~ARTICLE 1~~
~~DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION~~

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

~~Section 1.1 Definitions.~~
~~For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:~~

~~"Advances" means advances made by the OFA to the OPA under Article 3 and "Advance" means any one of such advances.~~

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2500 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(e)(f) and the Swap Termination Value of each Swap Contract of such Person; and

(gf) every obligation of the type referred to in paragraphs (a) through (fe) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (·), 2017 and ending on December 31, 2047.~~

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

~~**"Operating Facility"** means the revolving credit facility to be made available to the IESOOPA by the OFAOFA under this Agreement for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO~~OPA~~ to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary ~~OPA~~ under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary~~OPA~~;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary ~~OPA~~ that have not at the time been filed against

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the IESO or such Material Subsidiary~~OPA~~; provided, however, that if any such Lien or charge shall have been filed, the IESO~~OPA~~ or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the IESO or a Material SubsidiaryOPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESOOPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material SubsidiaryOPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESOOPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESOOPA or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are ~~nd the provision of a Table of Contents are~~ for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac~~-~~cepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

~~principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.~~

Section 1.5 Non-Business ~~-~~ Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING ~~-~~ CREDIT FACILITY~~OPERATING FACILITY~~

Section 2.1 Availability.

The OFA~~OFA~~ agrees, on the terms and conditions of this Agreement, to make Advances to ~~available~~ to the IESO. ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make ~~Advances to the OPA. The OFA shall make~~ each Advance ~~under the short term credit facility in~~ in Canadian Dollars.

~~**Section 2.2 Loan PerioCommitment and Facility Limits.d.**~~

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~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Section 2.3~~2~~ Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.

~~Section 2.4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections 3.1, 3.2 and 3.3 **under this Agreement. Extension of this Agreement is at the discretion of the** OFA **and conditional on an** IESO Directive **that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.**~~

Section 2.3~~5~~ Commitment and Facility Limits ~~Revolving Nature.~~

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~Section 2.3 Use of Proceeds~~

~~The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998*.~~

Section 2.4~~6~~4 Mandatory~~-~~ Repayment.

Subject to Sections 2.5~~10~~9 and 5.~~1~~2, the IESO~~OPA~~ shall repay each Advance together with the interest accrued thereon on~~on~~ the applicable Repayment Date, and, ~~as the case may be, and, i~~In in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022. ~~December 31, 20470~~6. ~~In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5).~~

Section 2.5~~7~~5 Prepayments.

The IESO~~ OPA~~ is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA~~ OFA~~.

Section 2.6~~8~~7 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO~~ OPA~~ shall make any payment required hereunder to be made by it to the OFA~~OFA~~, to or to the order of the OFA~~ OFA~~, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA~~OFA~~ to the IESO~~OPA~~ from time to time, or in such other manner as the OFA~~OFA~~ may specify to the IESO~~OPA~~ from time to time. The IESO~~OPA~~ shall make each such payment in Canadian Dollars.

~~(2) The OFAOFA shall make Advances to the IESO OPA under this Agreement to or to the order of the IESOOPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESOOPA to the OFAOFA from time to time, or in such other manner as the IESOOPA may specify to the OFAOFA from time to time.~~

Section 2.7~~9~~8 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA~~OFA~~ taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366

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days, as the case may be.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

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Section 2.~~1089~~ Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~98~~(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

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ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the Short-Term Credit ~~Operating~~ Facility from time to time on any Business Day prior to August~~November~~ 3~~10~~, 2022~~06~~.

Section 3.2 **Procedure for Advances.**

~~(1)~~ Subject to Section 3.3(3), each Advance shall be made subject to~~on~~ two~~one~~ Business Day~~'~~s' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO ~~OPA~~ to the OFA~~OFA~~. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO~~OPA~~ and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7~~1~~ days~~month~~ and not later than 95 days after the date of the requested Advance. ~~2 months or 3 months after the requested date of the Advance.~~

(1) The OFA ~~OFA~~ will make the principal amount of each Advance available to the IESO~~OPA~~ in accordance with Article

2.

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA~~OFA~~ a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO~~OPA~~ authorizes the OFA~~OFA~~ to record on the grid promissory note (a) the

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date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each~~h~~

h payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA~~OFA~~ to record any amount, rate or date shall not affect the obligation of the IESO~~OPA~~ to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The IESO~~OPA~~ may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days~~1 month, 2 months or 3 months~~ beginning on the then current Repayment Date in accordance with Section 3.3(2).

~~(1)~~(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO~~OPA~~ to the OFA~~ OFA~~. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO~~OPA~~. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.~~

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

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Section 3.4 Interest on Advances.

(1) The IESO~~OPA~~ shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province~~OFA's cost of funds for borrowings with a similar term as determined by the OFA~~OFA~~ plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on

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an Advance will be calculated by the OFA~~OFA~~ by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

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(3) If the IESO~~OPA~~ elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO~~OPA~~ promissory note in respect of Advances held by it.

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Section 3.5 Conditions Precedent

The obligation of the IESO ~~OFA~~ to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA~~OFA~~'s satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO~~OPA~~ contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA~~OFA~~, have been no material adverse change in the financial condition of the IESO~~OPA~~; and

(d) that the OFA~~OFA~~ has received such other documentation which it has reasonably requested to ensure that the IESO~~OPA~~ is in compliance with the terms~~ms~~ and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO~~OPA~~ confirming that the borrowing is within the legal powers of the IESO~~OPA~~ and that the Agreement is a direct, unsecured obligation of the IESO~~OPA~~ enforceable against the IESO~~OPA~~ in form satisfactory to the OFA~~OFA~~.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

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COVENANTS OF THE

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Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

~~The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Section 4.2 IESO~~OPA~~ will ~~Maintain~~Maintain its Corporate Existence.

Subject to Section 7.1, ~~T~~the IESO~~OPA~~ will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO~~OPA~~ will cause all property owned by the IESO~~OPA~~ or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO~~OPA~~ or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO~~OPA~~ or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary~~OPA~~ from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary~~OPA~~, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO~~OPA~~ will cause all property owned by the IESO or any Material Subsidiary ~~OPA~~ which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, ~~-~~carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO~~OPA~~ will not, and will not permit any Material Subsidiary to, ~~-~~create, incur or assume any Lien, charging the interest of the IESO~~OPA~~ or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO~~OPA~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary ~~OPA~~ in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens

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permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA~~OFA~~ Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, ~~T~~the IESO~~OPA~~ will, on demand, reimburse and indemnify OFA~~OFA~~ for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA ~~OFA~~ in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA~~OFA~~ as a result of any failure by the IESO~~OPA~~ to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA~~OFA~~) calculated and payable monthly not in advance from in each case from the date on which the OFA~~OFA~~ incurs the cost, charge or expense until the date on which the IESO~~OPA~~ reimbursement the OFA~~OFA~~ therefor. The OFA ~~OFA~~ agrees, acting reasonably, to invoice the IESO~~OPA~~ for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal~~ple~~ amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

~~(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on September 30, 2022 ~~December 31, 204706~~;

(c) failure on the part of the IESO~~OPA~~ to observe or perform its obligations set forth in Section 4.1;

(~~d~~e) failure on the part of the IESO~~OPA~~ to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO~~OPA~~ by the OFA~~OFA~~;

(~~e~~f) any representation or warranty made by the IESO~~OPA~~ in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA~~OFA~~ was incorrect or misleading in any material respect;

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(f) one or more breaches by the IESO~~OPA~~ of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final ~~-~~Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(i)

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary ~~OPA~~:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

~~(B)~~(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed ~~-~~ or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; ~~Rescission and~~Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

~~If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.~~

Section 5.3 Suits for Enforcement by the OFA~~OFA~~.

If an Event of Default occurs and is continuing, the OFA~~OFA~~ may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA ~~OFA~~ by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for

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the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

~~(a)~~ to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(a)

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 ~~Representations and~~Representations and Warranties of IESO~~OPA~~

The ~~OPA~~IESO represents and warrants to the OFA~~OFA~~ that:

(a) the borrowing of money (including principal and accrued interest) by the IESO~~OPA~~ and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO~~OPA~~ and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO~~OPA~~, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO~~OPA~~ or any contractual or other obligation binding on the IESO~~OPA~~;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~32; and~~.

~~the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

~~(d)~~

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA~~OFA~~, notwithstanding any investigations or examinations which may be made by counsel for the OFA~~OFA~~.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA ~~of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
~~7~~ GENERAL

Section 8~~7~~.1~~1~~ Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic ~~communication addressed~~communication addressed:

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If to the IESO~~OPA~~, to it at:

Independent Electricity System Operator
~~Ontario Power Authority 880 Bay Street~~120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON M5H 1T1~~ M7A 2C~~

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Attention: Chief Executive Officer Telephone:~~
~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

~~Attention:~~ ~~Executive Director - Capital Markets~~
~~Telephone:~~ ~~Division (416) 325-8128~~
~~Telecopier:~~ ~~(416) 325-8005~~

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 87.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 87.1.

Section 87.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 87.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section 87.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise
of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 87.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section 87.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 87.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 87.8 Counterparts.

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

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IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

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ONTARIO FINANCING AUTHORITY	**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**
Per:	Per:
Name: Michael D. Manning	Name: Kimberly Marshall
Title: Executive Director Capital Markets Division	Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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~~**IN WITNESS WHEREOF** the parties have executed this Agreement as of the 1st day of January, 2005.~~

ONTARIO POWER AUTHORITY

by: --0+"J-<-J.L-"<Z1-J'--"o<+1.1.'-'-'-...._...>..
Name: Rosalyn awrence
Authorized Signing Officer

and: ,/f?
Name: Ricgs
Authorized Signing Officer

ONTARIO FINANCING HORITY

by: """"
Name: Gadi Mayman
Title: Chief Executive Officer

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SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority
("OFA") 1 Dundas Street West,
Suite 1400 Toronto, Ontario,
M7A1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____
(b) The aggregate amount of the Proposed Advance is ___
(c) The Repayment Date of the Proposed Advance is _____;
[not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street
West Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per:
Rick Jennings
Authorized
Signatory

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*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

~~SCHEDULE 3~~

~~ONTARIO POWER AUTHORITY~~

~~GRID NOTE~~

~~Principal Amount: Up to $500,000,000 Date: _____~~

~~**FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY** (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).~~

~~OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.~~

~~The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

~~This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

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

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~~**IN WITNESS WHEREOF** the OPA has executed this Note.~~

ONTARIO POWER AUTHORITY

Per: _____

~~Rosalyn Lawrence~~
~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~
~~Authorized Signatory~~

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

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Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than ~~28~~ 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

_____ Name:

_____ Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "**Company**"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "**Grid**") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017, as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "**Credit Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

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DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

~~**ONTARIO POWER AUTHORITY**~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTORITY, a Crown ~~agncy~~agency established under the Capital Investment ~~Plance~~Plan Act, 1993~~-~~ ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

WHEREAS The IESO has requested a short term revolving credit facility from OFA for the purpose of its loan program, in the ~~principle~~principal amount not to exceed Two Billion Dollars ($2,000,000,000);

AND WHEREAS pursuant to Directive (·), the IESO is authorized to borrow from the OFA by way of (a) loans; (b) entering into loan agreement provided that the maximum principal amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregate principal amount not to exceed $2,000,000,000;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [SH1]: The purpose is for the FHP program, not a loan program. You'll need to include recitals about the FHP program and the purpose of this facility

Commented [WT2]: Advances?

Commented [WT3]: Advances?

SH: You'll need a copy of the draft directive from Salman

Commented [WT4]: Borrowing notice?

Commented [WT5]: Borrowing notice?
SH: You'll need a copy of the draft directive from Salman

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO~~,~~ and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f~~the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Loan Period"** means the period beginning on July (•), 2017 and ending on December 31, 2047.~~

~~**"Operating Facility"**~~ **"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

Commented [SH6]: No need to include. If you follow form of existing IESO-OFA credit facility, this is covered under Mandatory Repayment sections

"Note" means the ~~revolving credit facility to be made available to the~~notes of IESO ~~by the OFA~~issued under this Agreement ~~for the purposes specified in Section 2.3.~~

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving ~~long~~short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

Commented [SH7]: Must be either a short or long term credit facility

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make ~~available~~Advances to to the IESO ~~a revolving credit facility in a maximum principal amount not to exceed the Commitment.~~ The ~~IESO~~OFA shall make each Advance ~~under the short term credit facility~~ in Canadian Dollars.

Section 2.2 ~~Loan Period.~~

~~Loans under the Short Term Revolving Credit Facility can only be advanced during the Loan Period.~~

~~If the IESO wishes to extend the expiry date of the Loan Period, it shall make a written request~~

Commented [SH8]: No need to include this section, as IESO IESO hasn't asked to have this option. If you were to include, be careful with wording because there is not Long Term Credit Facility

~~to amend the Agreement to the OFA not later than one hundred and twenty (120) Business Days prior to the end of the Loan Period. Any extension of this Agreement is at the discretion of the OFA and subject to the written agreement of the parties. The request for extension shall include confirmation satisfactory to the OFA that the IESO Board has authorized a Directive extending the period for borrowing under the Agreement and that the Directive has been approved by the Minister of Energy and the Minister of Finance. Extension of the Loan Period does not increase the OFA's Commitment under the Long Term Credit Facility.~~

Commented [WT9]: Minister of Energy, Is this accurate?

~~Section 2.3~~ **Use of Proceeds.**

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT10]: I'm not sure if this still applies.

Commented [WT11]: I'm not sure if this still applies. SH: Purposes should be under FHP, so get LSB and Corp Finance to comment.

Section 2.~~4 First Advance Period and Extension Option.~~

~~Advances are subject to Sections~~ **3**~~.1, 3.2 and 3.3 under this Agreement. Extension of this Agreement is at the discretion of the OFA and conditional on an IESO Directive that authorizes such borrowing being in effect and the obtaining of any other necessary governmental approvals.~~

~~Section 2.5~~ **Commitment and ~~Revolving Nature.~~Facility Limits**

The Advances Outstanding to the IESO under the Short Term ~~Revolving~~ Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term ~~Revolving~~ Credit Facility shall revolve and no repayment under the Short Term ~~Revolving~~ Credit Facility shall reduce the Commitment.

Commented [SH12]: Need to use the defined term

Section 2.~~6~~ ~~4~~ Mandatory Repayment.

Subject to Sections 2.~~10~~5 and 5.~~1~~2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, ~~as the case may be.~~and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2047. In the event that this Agreement is amended to provide for one or more Extension Periods, such written amendment shall also specific the amended final repayment date for the purposes of this section. On each applicable payment date specified in the Credit Facility Records (as defined in Section 3.5)~~September 30, 2022.

Commented [WT13]: Credit facility is active until September 30, 2022 and fully repaid by December 31, 2047?

Section 2.~~7~~5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~8~~6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order

of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

~~(2)(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.~~

Section 2.~~9~~7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~10~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [SH14]: Need to discuss with OFA Legal. This may need to be the minimum per of the loan i.e. 7 days before expiry of the agreement

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on~~subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article

Commented [SH15]: Define relevant article.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business

Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO. (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

Commented [SH16]: Drafting on the revised provision needs to be completed if included

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~(2)

~~(4)~~(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Section 3.5 Evidence of Indebtedness

The IESO authorizes the OFA to open and maintain records (including electronic records) evidencing the indebtedness of IESO under each Loan including (a) the date and principal amount of each Loan advance; (b) the applicable rate of interest for each Loan; (c) the Repayment Date of each Loan and accrued interest thereon; (d) the date and amount of each payment of interest and of principal in respect of each Loan; and (e) the outstanding principal amount of each Loan from time to time (the "Credit Facility Records"). The IESO agrees that in the absence of manifest error, the Credit Facility Records kept by the OFA shall be conclusive evidence of the obligations of the IESO to the OFA under this Agreement with respect to all Loans and all other amounts owing by the IESO to the OFA under this Agreement, provided that that the failure of the OFA to record or correctly record any amount or date shall not affect the obligation of the IESO to pay the outstanding principal amount of each Loan and interest on each Loan in accordance with terms set out in this Agreement. After a request by the IESO, the OFA shall promptly advise the IESO of any entries made in the Credit Facility Records.

Commented [SH17]: Not a defined term. We also say that IESO is executing a grid note. How do the electronic records work together with the Grid Note?

Where communications between the parties are provided on an electronic basis under this Agreement, printouts or other tangible reproductions of any electronic record maintained by a party in relation to such communications shall be considered business records in any legal, administrative or other proceedings that may arise in relation to this Agreement

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.~~6~~9 Late Repayment of Loans.

Commented [SH18]: Not a defined term (same comment per following provision).

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the ~~principle~~principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on ~~December 31, 2047~~September 30, 2022 ;

Commented [WT19]: To be confirmed.

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH20]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismissed~~undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(~~i~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Loans until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Commented [SH21]: Not a defined term.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the

property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation

binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.~~3; and~~2.

~~(e) the IESO has been duly incorporated and organized and is validly subsisting under the Ontario Fair Hydro Plan Act, 2017 and is in good standing under the laws of Ontario.~~

Commented [SH22]: IESO was not incorporated under this Act. No need to include.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA~~ of Ontario~~.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8

GENERAL

Section 8.1 **Notices.**

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect

to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude ~~an other~~another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Commented [SH23]: Confirm

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than ~~28~~7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than ~~28~~7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME.NT DATE AND PRINCIPAL REPAID	INTEREST .. PAYMENT DATE AND AMOUNT	. UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

From: Lisa Stein
To: Sarah Harris; William Tan
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Monday, October 30, 2017 12:00:09 PM

FYI

-----Original Message-----
From: John Kim
Sent: Monday, October 30, 2017 11:52 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Great, thanks Tom.

Anthony, we will wait for your outreach to the OFA to be done and start the signing when you're ready.

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Monday, October 30, 2017 11:48 AM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

_____
From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Boll; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself – so we will need to see a revised version of this document;

(ii) Intercept Letter – I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement – we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language – I understand that is expected to be available soon.
Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:30 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Boll; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; 'Victor Buza' <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; 'Michael Boll' <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; 'Victor Buza' <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; 'Michael Boll' <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); 'Anthony Martinello'; 'Michael Boll'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Anthony Martinello <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; Michael Boll <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Anthony Martinello <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; Michael Boll <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph – please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-2526d-253DDwMFAg-2526c-253DqG-5FYucLTZOaBAapRaQkKEgrMWFFI0Cr1-5Feykjn9FtiQ-2526r-253Dvn974l4Gh8tIV98Bb8pVR6JLssl4HFYxq7uOGJzA6I0-2526m-253DnpM8mAPGKEZp2AjQiaAMA-2D6ndNnhn0yVodUxI02-2Db3M-2526s-253DRoMlqexsFwZIn3N-2D4cK3lwdp8xOuTYMgwebClCMJInU-2526e-253D-26data-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ceb1a3f5ec648cb7e9a08d51f920100-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3Dx8UVB8BScMogJnKOuApzyKVe-252BJ-252BS-252B8YCLUlpNYLruAM-253D-26reserved-3D0&d=DwMFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=vn974l4Gh8tIV98Bb8pVR6JLssl4HFYxq7uOGJzA6I0&m=KzutQ0mwHm21hhYHkaTcSo5IzLi7n_ih_u6kFl1AEhI&s=AkpcaR3s_2aUx6FkSEAs9mmvAsIAB6G6IK9EnoofDDE&e=> | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.twitter.com-5Fieso-2D5Ftweets-2526d-253DDwMFAg-2526c-253DqG-5FYucLTZOaBAapRaQkKEgrMWFFI0Cr1-5Feykjn9FtiQ-2526r-253Dvn974l4Gh8tIV98Bb8pVR6JLssl4HFYxq7uOGJzA6I0-2526m-253DnpM8mAPGKEZp2AjQiaAMA-2D6ndNnhn0yVodUxI02-2Db3M-2526s-253DziYHj-2D1T4D-2DBOf9ORYVLVshF8T3ciDduqoMnF60f-5FVA-2526e-253D-26data-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ceb1a3f5ec648cb7e9a08d51f920100-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3Dh3kacsOEER0mi0zOzpXv3sO-252Fxd1nSLSrHhtROey4kpo-253D-26reserved-3D0&d=DwMFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=vn974l4Gh8tIV98Bb8pVR6JLssl4HFYxq7uOGJzA6I0&m=KzutQ0mwHm21hhYHkaTcSo5IzLi7n_ih_u6kFl1AEhI&s=86XMvwSvHzdO5aeU0tK2E_j9SZBs1gLIiIG13AO0mOo&e=> | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]<https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttps-2D3A-5F-5Fwww.linkedin.com-5Fcompany-5Fieso-2526d-253DDwMFAg-2526c-253DqG-5FYucLTZOaBAapRaQkKEgrMWFFI0Cr1-5Feykjn9FtiQ-2526r-253Dvn974l4Gh8tIV98Bb8pVR6JLssl4HFYxq7uOGJzA6I0-2526m-253DnpM8mAPGKEZp2AjQiaAMA-2D6ndNnhn0yVodUxI02-2Db3M-2526s-253Dh3nph5fKrcD0Cvq9ns3-5F2hDCOJSm99sNfkjUg0Capfk-2526e-253D-26data-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ceb1a3f5ec648cb7e9a08d51f920100-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3D1H-252FWyxU7wWSW7CZMwfu0FF6GiddW-252BD7He6y-252FalwSAoY-253D-26reserved-3D0&d=DwMFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FtiQ&r=vn974l4Gh8tIV98Bb8pVR6JLssl4HFYxq7uOGJzA6I0&m=KzutQ0mwHm21hhYHkaTcSo5IzLi7n_ih_u6kFl1AEhI&s=CVLxBPXjcn5ZZ65nSP_p94t-WhwzTGk5LCfGFjm3qHs&e=>

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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Boll; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

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Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-6996

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From:	Lisa Stein
To:	Sarah Neville
Subject:	FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Tuesday, October 24, 2017 4:14:05 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v4.docx

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Sent: Tuesday, October 24, 2017 4:11 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'michael.boll@ieso.ca' <michael.boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Thanks,

John

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

I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an~~The~~ intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The ~~OFA,~~ IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges ~~and confirm~~ that at this time there are no amounts appropriated by the Legislature for payment to the IESO [Energy to confirm] by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement")~~,~~ on an unsecured basis, the OFA requires ~~the Ministry of Energy ("~~ENERGY~~")~~ and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
    - If~~Under~~ the intercept provision is exercised, ~~which shall be included in the Loan Agreements,~~ the IESO ~~also~~ agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

DRAFT

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

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To:	Tom McKinlay (MAG); "Victor Buza"
Cc:	Lisa Stein; "Anthony Martinello"; "michael.boll@ieso.ca"; Gavin He
Subject:	FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Tuesday, October 24, 2017 4:10:43 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v4.docx

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Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
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This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

From: [Kim, John](mailto:John.Kim@ofina.on.ca)
To: [Tom McKinlay](mailto:Tom.McKinlay@ontario.ca); [Stokes, Tim](mailto:Tim.Stokes@ieso.ca)
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Wednesday, November 01, 2017 12:26:12 PM

FYI

-----Original Message-----
From: John Kim
Sent: Wednesday, November 01, 2017 12:02 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom,

I'm getting the letter signed in a few minutes. So ETA is this afternoon.

Also, Ron pointed out that this agreement could be executed in part which I understand to mean separately so will fire that off to both Energy and IESO.

John

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, November 01, 2017 11:59 AM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

John,

Coming out of this morning's rate mitigation meeting, I understand that the draft is final and that we are supposed to be getting an execution copy for Steen to sign sometime shortly? I have been asked to inquire as to what the ETA for that might be?

Thanks!
Tom.

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 1:49 PM
To: Victor Buza'
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA); McKinlay, Tom (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreement.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 12:57 PM
To: Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.
Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:30 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Anthony.Martinello@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Anthony.Martinello@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); 'Anthony Martinello'; Michael Bell'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; mailto:John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; mailto:Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupEClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C0abd84f198da4cf0a8d8-257C0-2Fdata-3D0MM3dRcWwG1hMb5LqIqE-253D-26reserved-3D0-5Bieso.ca-5D-5Bieso0.safelinks.protection.outlook.com-2F%2Dc%2Dca%2Fe%2Dq%2Fe%2Fq%2Dq%2Fen%2Fwf%2FFHCr1_eykjs0tFtQ%2Fe

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 4:49:09 PM

Hi William,

As per the e-mails below, I'm trying to determine the rationale for removing the anti-criminal rate of interest clauses from the FHP agreement. Are you able to provide further background/insight into this matter?

Thank you,

Lisa

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:36 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Golding (MOF) <Anthony.Golding@ontario.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Loan agreement question re limit on rate of interest

Hi Lisa

Perhaps we, can discuss it next week. It may be because this particular agreement is based on an existing agreement with the OPA. Copying Toby here because he has been working on the FHP

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Lisa Stein
Sent: Friday, July 28, 2017 16:25
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Malle,

This specific question is in relation to a loan to the IESO (FHP credit facility agreement). My clients from Capital Markets are Sarah Harris, William Tan, Kelly Listoe. I had planned to ask them about the context for the previous removal of these clauses but wanted to first see if MOF had any insight. Please let me know if you would like to set up a call to discuss?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 3:24 PM
To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I'm not aware of any recent discussion on this topic, but is it in relation to specific loans that the OFA is making. Who in Capital Markets were you speaking to? Thanks.

Malle

From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
To: Stein, Lisa (OFA)
Cc: Hanslep, Malle (MOF); Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

Best,
Tony

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
Subject: Loan agreement question re limit on rate of interest

Hi Maryam and Tony,

I would like to request your opinion on the following drafting matter re: loan agreements. I have been advised by Capital Markets staff that the following language has been removed from OFA debt documentation:

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the Borrower shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject: FW: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 5:37:23 PM

Hi Lisa,

We no longer include this language for debt issuances and agreements. It's implied that neither party will enforce a provision that isn't legal.
I hope this helps. Have a great weekend.

Will

-----Original Message-----
From: Lisa Stein
Sent: Friday, July 28, 2017 4:49 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: Loan agreement question re limit on rate of interest

Hi William,

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Subject: Re: Loan agreement question re limit on rate of interest

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From: Lisa Stein
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Cc: Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Malle,

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Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 3:24 PM
To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

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From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
To: Stein, Lisa (OFA)
Cc: Hanslep, Malle (MOF); Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

Best,
Tony

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
Subject: Loan agreement question re limit on rate of interest

Hi Maryam and Tony,

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(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	William Tan
To:	Lisa Stein; Caroline Swerdlyk
Cc:	Sarah Harris
Subject:	FW: Loan roll over
Date:	Friday, March 09, 2018 1:44:17 PM
Attachments:	RE FHP Agreement 5-day minimum period exception.msg RE FHP Agreement 5-day minimum period exception.msg

---

Fyi

I spoke to Olga (IESO). She informed me that $332M, matures on March 20,(not March 21, previously reported). IESO would need to borrow $530M for 2 days (not 1 day, previously reported) for a maturity of March 22.

Attached is Cash Management confirmation that they have no concerns regarding the two day roll-over.
Settlements has no concerns either.
James Devin has informed IESO that OFA is fine with the roll-over.

Thanks,

Will

From: James Devine
Sent: Friday, March 09, 2018 1:35 PM
To: 'Olga.Whiteley@ieso.ca' <Olga.Whiteley@ieso.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: Loan roll over

Looks like we will be able to do the two day loan roll -over

From: Salvatore Alfano []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; SETTLEMENT [SETTLEMENT@ofina.on.ca]; CASHP [CASHP@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]
Subject: RE: FHP Agreement, 5-day minimum period exception
Date: Friday, March 09, 2018 14:31:25

Hi,

We don't have any concerns.

Sal

From: William Tan
Sent: Friday, March 09, 2018 12:03 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: RE: FHP Agreement, 5-day minimum period exception

Hello Salvatore,

I spoke to Olga (IESO). She informed me that $322M, matures on March 20,(not March 21, previously reported). IESO would need to borrow $530M for 2 days (not 1 day, previously reported) for a maturity of March 22. Please let me know if your area has concerns from an operational standpoint regarding this.

Thanks,

WIll

From: Salvatore Alfano
Sent: Thursday, March 08, 2018 9:58 AM
To: William Tan <William.Tan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Agreement, 5-day minimum period exception

Hi,

We would have no concerns from an operational standpoint.

Sal

From: William Tan
Sent: Wednesday, March 07, 2018 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Agreement, 5-day minimum period exception

Hello all,

IESO has asked OFA for a one-time exception to waive the minimum period for advances of 5 days (FHP Credit Facility Agreement). IESO has asked for an advance period of 1 day, so it may use money expected from OPG to repay its advance on the same day it matures.

IESO's current outstanding advance of $322M, matures on March 21, 2018. IESO will require an additional advance of $208M (to pay power generators) for a total of $530M, but will only require this for 1 day because IESO expects to receive funds from OPG to repay its advances on March 22. Rather than incurring additional interest costs of

borrowing until March 26, 2018 (5 day minimum), IESO would prefer to match the maturity of its advances and expected cash inflow from OPG.

Please let me know if your respective areas have any concerns or issues from an operational standpoint.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From: Risa Thau []
To: Salvatore Alfano [Salvatore.Alfano@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; SETTLEMENT [SETTLEMENT@ofina.on.ca]; CASHP [CASHP@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]
Subject: RE: FHP Agreement, 5-day minimum period exception
Date: Friday, March 09, 2018 14:43:40

Neither does Settlements.

Thanks,

Risa Thau

From: Salvatore Alfano
Sent: Friday, March 09, 2018 1:31 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: RE: FHP Agreement, 5-day minimum period exception

Hi,

We don’t have any concerns.

Sal

From: William Tan
Sent: Friday, March 09, 2018 12:03 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>

Subject: RE: FHP Agreement, 5-day minimum period exception

Hello Salvatore,

I spoke to Olga (IESO). She informed me that $322M, matures on March 20,(not March 21, previously reported). IESO would need to borrow $530M for 2 days (not 1 day, previously reported) for a maturity of March 22. Please let me know if your area has concerns from an operational standpoint regarding this.

Thanks,

WIll

From: Salvatore Alfano
Sent: Thursday, March 08, 2018 9:58 AM
To: William Tan <William.Tan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Agreement, 5-day minimum period exception

Hi,

We would have no concerns from an operational standpoint.

Sal

From: William Tan
Sent: Wednesday, March 07, 2018 3:33 PM

To: Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Agreement, 5-day minimum period exception

Hello all,

IESO has asked OFA for a one-time exception to waive the minimum period for advances of 5 days (FHP Credit Facility Agreement). IESO has asked for an advance period of 1 day, so it may use money expected from OPG to repay its advance on the same day it matures.

IESO's current outstanding advance of $322M, matures on March 21, 2018. IESO will require an additional advance of $208M (to pay power generators) for a total of $530M, but will only require this for 1 day because IESO expects to receive funds from OPG to repay its advances on March 22. Rather than incurring additional interest costs of borrowing until March 26, 2018 (5 day minimum), IESO would prefer to match the maturity of its advances and expected cash inflow from OPG.

Please let me know if your respective areas have any concerns or issues from an operational standpoint.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1 IESO 615pm.docx
Date:	Thursday, November 02, 2017 10:23:34 AM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1 Rev IESO Nov1 615pm.docx

Hi Will. Can you please arrange this call? My calendar is up to date.

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 6:17 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1 IESO 615pm.docx

Yes I think it would be helpful to have a call to discuss that section 14 just to ensure we are all on the same page about the mechanics and the language.

In the meantime, I accepted everything that appeared to me to be settled and did some formatting, including fully justifying all paragraphs (since it was a bit of a mixed bag), and indenting and adding quotes around some of the adders as needed. All changes should be tracked.

Look forward to finalizing this tomorrow.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 5:07 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance: High

Hi Victor,

Please find attached our latest draft of AA#10, with some further amendments blacklined. A further call with you and Anthony will likely be required to discuss our proposed changes to section 14. Please let Will know your availability for tomorrow and he will set up the call.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st [day of November, 2017 (the "**Effective Date**")

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~a.~~ "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

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"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date

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of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"**Section 5.7 Intercept**

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **[DATE]** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the

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Commented [LS1]: NTD: Added same language as new FHP Credit Facility Agreement

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Commented [LS2]: NTD: This requires a date as the letter agreement will not be even dated with AA#10.

Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"**Section 7.9 Entire Agreement**

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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b. "**Other Financial Transactions**" means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

i. the advance of ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated [INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts:~~

~~ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement).. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and~~

~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

~~14.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Sarah Harris; William Tan; John Kim
Subject:	FW: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Wednesday, November 01, 2017 1:26:27 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v5 from OFA Oct 31 IESO Comments Nov1.docx
Importance:	High

I have a meeting from now until 3 pm. I'm available for a call after 3 (I can reschedule my earlier meeting); however, I won't have time to review before then so 3:30 or 4 would be better.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 1:13 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Importance: High

Please see our proposed amendments to AA#10 in the attached document. I have attempted to reflect in s.14 those issues that came up yesterday on our call in relation to the timing and documentation of the separate transactions. Whether it is right may depend in part on what Sarah's internal discussions yielded re these issues (i.e. we were thinking that all transactions will occur on the 21st and so drafted accordingly).

It may make sense for me to walk through this with one or more of you just so we aren't delayed. I am available for a call anytime this afternoon except from 2:30 to 3:00.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 31, 2017 1:18 PM
To: Victor Buza
Cc: Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello Victor,

Please find attached the latest black-lined version of the OFA IESO Amending Agreement No. 10. In this version, we have made amendments to the effective date of the agreement, Permitted Liens, Section 5.2 Acceleration of Maturity; Rescission and Annulment, Section 5.7 Intercept (To be replaced with finalized language from new FHP credit facility agreement) and Section 7.9 Entire Agreement.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for

your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~22nd [**NTD: VERIFY DATE – 21st?**]day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

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acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date~~:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of

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Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept [NOTE FROM IESO – OFA to revise per final OEHP credit agreement language]

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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b. "**Other Financial Transactions**" means those transactions between the Parties to be completed on the Effective Date prior to the Effective Time in relation to:

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i. the advance of funds under a separate credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;

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ii. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in

the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and

iii. the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~22nd [**NTD: VERIFY DATE – 21st?**]day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

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acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date~~:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of

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Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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Commented [VB1]: Note - connected the two paras.

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept [NOTE FROM IESO – OFA to revise per final OEHP credit agreement language]

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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Commented [LS2]: NTD: Replace with finalized language from new FHP credit facility agreement

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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b. "**Other Financial Transactions**" means those transactions between the Parties to be completed on the Effective Date prior to the Effective Time in relation to:

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i. the advance of funds under a separate credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;

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ii. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in

the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and

iii. the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Tuesday, October 31, 2017 10:04:05 AM

Hello Lisa,

We have reviewed the Amending Agreement No. 10 and have no comments. With the exception of the finalization of the Intercept language from the FHP, should we share the current version Amending Agreement No. 10 with IESO?

Thank you Lisa for your help on the drafts.

Will

From: Lisa Stein
Sent: Monday, October 30, 2017 3:34 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

I've made some additional amendments to the latest draft, attached, to incorporate the Effective Date.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: OFA IESO Amending Agreement No 10 - Execution Version v3 blacklined.docx
Date: Tuesday, October 10, 2017 3:26:30 PM
Attachments: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v4(blacklined).docx
OFA IESO Amending Agreement No 10 - Execution Version v3 blacklined.docx

---

Hi Lisa,

I have no comments to the Permitted Liens (k). Thanks for doing that.

FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v4
Schedule 1. Included "and"
Schedule 2. Included "and" and ";" for consistency.
p. 24. Added double space and ":"

Amending Agreement No. 10 – Execution Version v3 blacklined
Schedule 1 to Amending Agreement No. 10, Form of Borrowing Notice. Agreement and Proposed Advance. Bold removed.
Included "and" and ":" .
Schedule 2. Included "and" , ";" and "."

Thanks,

Will

From: Lisa Stein
Sent: Friday, October 06, 2017 2:29 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version v3 blacklined.docx

Hi Will,

Please find attached amending agreement #10 with the latest updates. We should still wait to send these to IESO until we know how we are going to proceed regarding the intercept provisions.

On another note, have the borrowing notice and election notice already been updated to reflect the new credit facility agreement notice language?

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;and
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____; and

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____; and
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory:

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of October, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

~~7.~~8. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~9. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~10. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~11. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

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(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____; and
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory:

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____; and

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____; and

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____.

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory:

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory:

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Date:	Thursday, November 02, 2017 11:06:18 AM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance:	High

Hi Will,

Can you please accept changes, review formatting, and prepare an execution version?

Thank you,

Lisa

From: Lisa Stein
Sent: Wednesday, November 01, 2017 5:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance: High

Hi Victor,

Please find attached our latest draft of AA#10, with some further amendments blacklined. A further call with you and Anthony will likely be required to discuss our proposed changes to section 14. Please let Will know your availability for tomorrow and he will set up the call.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~21st [~~**NTD: VERIFY DATE – 21st?**~~]~~day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date:~~

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1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Credit Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount

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of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **[DATE]** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal

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Commented [LS1]: NTD: Added same language as new FHP Credit Facility Agreement

Commented [LS2]: NTD: This requires a date as the letter agreement will not be even dated with AA#10.

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to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Other Financial Transactions**" means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

i. the advance of ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated [INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing

Commented [LS3]: NTD: To be amended in FHP Credit Facility Agreement

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the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement).. ~~the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and~~

~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 08, 2017 6:43:29 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.....docx RE IESO - Credit facility balancesrequirments.msg Grid Note for RPP as of Aug 8, 2017.xls Rollover Notice with advance.pdf Rollover Notice with advance.pdf

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Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?

2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.

I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**""IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $[**Insert amount outstanding as of date of execution**].

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Victor Buza [Victor.Buza@ieso.ca]; Olga Whiteley [Olga.Whiteley@ieso.ca]
Subject: RE: IESO - Credit facility balances/requirments
Date: Wednesday, July 26, 2017 10:47:01

William,

1.

As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million

2. RRRP amount o/s = $6.6 million

2.

Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.

The transfer of the RPP (Fair Hydro) amounts to the “Financing Entity” is now expected to occur sometime during Sept/Oct.

For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.

Currently, under the existing credit facility of $975 million a balance of combined balance of:

1.

RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78

RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

I don't see the requirements of $260 million?

-

2. In mid-August if you add another $200-$250 million, what will be the new balance?

3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

-

Call me if it’s easier for you. 416-325-8090.

Will

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Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit: **475,000,000.00**

Project: **Regulated Price Plan Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
20-Jun-2017	$109,986,030.30	1.0000%	21-Jul-2017	31	$93,412.79	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$136,581,867.69	1.0000%	21-Aug-2017	31	$116,001.04	$0.00	$0.00	$0.00		

Project: **Rural or Remote Electricity Rate Protection Variance**
Schedule of loan transactions to: **8-Aug-2017**
Loan Advanced to: **8-Aug-2017**

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0000%	20-Jun-2017	33	$1,014.08	$1,643.14	$0.00	$1,643.14	21-Jul-2017	64
20-Jun-2017	$3,203,101.35	1.0000%	21-Jul-2017	31	$2,720.44	$2,149.15	$0.00	$2,149.15	21-Jul-2017	31
21-Jul-2017	$2,231,912.78	1.0000%	21-Aug-2017	31	$1,895.60	$0.00	$0.00	$0.00		

Total Principal Advanced	$253,196,911.87

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

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Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $246,567,897.99
    i. previous principal amount: $109,986,030.30
    ii. advance: $136,581,867.69
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $73,796.11.
This transaction relates to the settlement of the Regulated Price Plan (RPP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Sarah Neville
To:	Salman Qadir
Cc:	Sarah Harris; Lenin Alvarez-Bravo; Lisa Stein
Subject:	FW: OFA Loans and OIC
Date:	Wednesday, May 03, 2017 12:25:33 PM
Attachments:	OIC 1051-2012.pdf Copy of OFA Loan OICs 31-Oct-13 v2.xlsx IESO (Formerly OPA) - OFA Credit Facility Extension.msg

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Hi Salman - Documentation tracks and administers the borrowing OICs. Lenin asked me about the IESO Credit Facility back in the summer and Lisa was assigned as a result of the inquiry (so I've copied her as well). I am not sure but I think Lenin may be away, so I am copying Sarah Harris with your query.

Please let me know if you require anything further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 11:05 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA Loans and OIC

Hi Sarah,

Hoping you could help or point me in the right direction on this. I'd be happy to give you a call or come up to your office to quickly discuss…

There are two questions I am trying to answer:

1) If my understanding of the legal authorizations required for OFA to lend to entities is correct and that an OIC is needed for any lending the OFA intends to do; and
2) If my understanding is correct, would you have any documents/records to show that a certain OIC was done for the OFA-OPA (now IESO) facility

<u>Background for my two questions:</u>
My current understanding the legal requirements to do an OFA loan (pre- drafting an agreement). It is my understanding that:

- An OIC must authorize the Minister of Finance to lend to the OFA.
- Minister of Finance's Directive must then direct OFA to "on-lend" to Borrower subject to terms and conditions.

I assume this is the case and with that, I was trying to look for the OIC that would have been completed for the OFA to provide the current $975 million (originally could have been $475 million) revolving credit facility to the IESO (previously OPA). I don't think it was an specific one for this on-lending and it may be an old one. I have attached the most recent OIC that I could find and it makes reference to:

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the Capital Investment Plan Act, 1993, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OF A");

And based on OIC tracking that I had seen in 2013 by OFA Documentation, this $975 million is included under that amount.

Thank you,
Salman

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OFA");

AND WHEREAS pursuant to Order in Council 767/99 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 1883/2006 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 2144/2007 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 300/2010 made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to lend One Billion Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 163/2012 made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to lend One Billion Seven Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS the Province considers it expedient to amend Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006, Order in Council 2144/2007, Order in Council 300/2010 and Order in Council 163/2012 to allow the Minister of Finance to determine the spread to be retained by the OFA on advances made by the Minister of Finance to the OFA where the OFA subsequently loans those moneys to public bodies;

THEREFORE:

1. Order in Council 675/97, as amended by Order in Council 1709/98, Order in Council 844/2008, Order in Council 1723/2009 and Order in Council 1268/2010, is hereby amended by:

(i) deleting subparagraph (d)(ii) and replacing said subparagraph with the following subparagraph:

"(d)(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

2. Order in Council 767/99, as amended by Order in Council 844/2008, Order in Council 1723/2009 and Order in Council 1268/2010, is hereby amended by:

(i) deleting subparagraph (d)(ii) and replacing said subparagraph with the following subparagraph:

"(d)(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in

subparagraph (i) shall again be applicable to that portion of the Advance; and"

3. Order in Council 1883/2006, as amended by Order in Council 844/2008, Order in Council 1723/2009 and Order in Council 1268/2010, is hereby amended by:

(i) deleting subparagraph (c)(ii) and replacing said subparagraph with the following subparagraph:

"(c)(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

4. Order in Council 2144/2007, as amended by Order in Council 844/2008, Order in Council 1723/2009 and Order in Council 1268/2010, is hereby amended by:

(i) deleting subparagraph (c)(ii) and replacing said subparagraph with the following subparagraph:

"(c)(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

5. Order in Council 300/2010, as amended by Order in Council 1268/2010, is hereby amended by:

(i) deleting subparagraph (c)(ii) and replacing said subparagraph with the following subparagraph:

"(c)(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance: and"

6. Order in Council 163/2012 is hereby amended by:

(i) deleting subparagraph (c)(ii) and replacing said subparagraph with the following subparagraph:

"(c)(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance: and"

7. The forms of promissory note which evidence the loans pursuant to Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006, Order in Council 2144/2007, Order in Council 300/2010 and Order in Council 163/2012, are

hereby amended, as applicable, to reflect the above changes to the Orders in Council in respect of all amounts advanced to the OFA on or after the date of this Order.

Recommended _____
Minister of Finance

Concurred _____
Chair of Cabinet

Approved and Ordered

JUL 18 2012
Date

_____
Lieutenant Governor

As of Oct 31, 2013

Loan Agreements										OIC		
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Avaliable for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated
Algonquin College of Applied Arts and Technology	$21,296,746.49	March 25, 2011	December 17, 2037		No	**$21,296,746.49**	$251,514.03	$0.00	$0.00			**$21,045,232.46**
Boreal College	$5,000,180.82	June 15, 2009	January 21, 2036		No	**$5,000,180.82**	$266,229.47	$0.00	$0.00			**$4,733,951.35**
Boreal College	$7,516,644.19	December 30, 2009	January 2, 2035		No	**$7,516,644.19**	$627,809.17	$0.00	$0.00			**$6,888,835.02**
Cambrian College	$400,000.00	June 26, 2008	July 31, 2018		No	**$400,000.00**	$186,057.19	$0.00	$0.00	OIC 675/97	Yes	**$213,942.81**
Cambrian College	$3,041,451.18	November 9, 2009	November 11, 2019		No	**$3,041,451.18**	$1,069,299.77	$0.00	$0.00	OIC 675/97	Yes	**$1,972,151.41**
Cambrian College	$11,232,658.70	December 31, 2009	December 31, 2029		No	**$11,232,658.70**	$1,348,189.81	$0.00	$0.00	OIC 675/97	Yes	**$9,884,468.89**
Canadore College of Applied Arts	$1,500,000.00	October 28, 2011	July 5, 2027		No	**$1,500,000.00**	$79,194.79		$0.00			**$1,420,805.21**
Canadore College of Applied Arts	$2,700,000.00	October 28, 2011	October 10, 2026		No	**$2,700,000.00**	$211,608.39		$0.00			**$2,488,391.61**
Canadore College of Applied Arts	$1,500,000.00	March 22, 2012	March 28, 2022		No	**$1,500,000.00**	$200,086.42		$0.00			**$1,299,913.58**
Centennial College	$17,197,491.22	March 19, 2010	November 30, 2026		No	**$17,197,491.22**	$1,325,359.57		$0.00	OIC 675/97	Yes	**$15,872,131.65**
Centennial College	$17,500,000.00	October 31, 2013	September 24, 2014	Construction	No	**$0.00**	$0.00	**$0.00**	$17,500,000.00			**$17,500,000.00**
City Of Windsor	$26,416,693.90	June 26, 1997	March 31, 2021		No	**$26,416,693.90**	$11,871,977.65	**$0.00**	$0.00	OIC 675/97	Yes	**$14,544,716.25**
Conestoga College	$14,700,000.00	April 27, 2012	May 4, 2027		No	**$14,700,000.00**	$759,480.04		$0.00			**$13,940,519.96**
Confederation College	$1,700,000.00	March 28, 2012	March 16, 2020		No	**$1,685,844.00**	$111,286.43		$0.00			**$1,574,557.57**
DICO	$250,000,000.00	January 1, 2009	December 31, 2024	Line of Credit	Yes	**$0.00**	$0.00	**$0.00**	$250,000,000.00	OIC 675/97	Yes	**$250,000,000.00**
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 2040		No	**$20,000,000.00**	$1,017,378.17		$0.00			**$18,982,621.83**
George Brown College	$35,000,000.00	May 13, 2013	May 22, 2020		No	**$35,000,000.00**	$1,150,762.03		$0.00			**$33,849,237.97**
Georgian College	$3,630,000.00	March 31, 2008	March 31, 2018		No	**$3,630,000.00**	$1,820,025.67	**$0.00**	$0.00	OIC 675/97	Yes	**$1,809,974.33**
Georgian College	$2,245,600.00	March 27, 2009	March 27, 2019		No	**$2,245,600.00**	$909,139.82	**$0.00**	$0.00	OIC 675/97	Yes	**$1,336,460.18**
Georgian College	$1,800,000.00	March 23, 2010	March 23, 2015		No	**$1,800,000.00**	$1,230,852.51	**$0.00**	$0.00	OIC 675/97	Yes	**$569,147.49**
Georgian College	$2,400,000.00	March 23, 2010	March 23, 2020		No	**$2,400,000.00**	$743,892.58	**$0.00**	$0.00	OIC 675/97	Yes	**$1,656,107.42**
Lambton College	$4,000,000.00	July 7, 2008	July 7, 2033		No	**$4,000,000.00**	$469,648.86	**$0.00**	$0.00	OIC 675/97	Yes	**$3,530,351.14**
Loyalist College	$4,937,396.00	August 20, 2009	August 28, 2027		No	**$4,937,396.00**	$763,099.95	**$0.00**	$0.00	OIC 675/98	Yes	**$4,174,296.05**
Loyalist College	$946,148.55	April 6, 2010	April 6, 2015		No	**$946,148.55**	$647,561.25	**$0.00**	$0.00	OIC 675/99	Yes	**$298,587.30**
Mohawk College	$6,606,343.78	February 24, 2009	September 2, 2031		No	**$6,606,343.78**	$479,313.38	**$15,613.25**	$0.00	OIC 675/97	Yes	**$6,127,030.40**
Mohawk College	$35,000,000.00	March 28, 2013	December 31, 2013	Construction	No	**$29,938,099.00**	$0.00	**$150,292.66**	$5,061,901.00			**$35,000,000.00**
Niagara Parks Commission	$6,500,000.00	November 18, 2009	April 30, 2027		No	**$6,500,000.00**	$746,069.37	**$0.00**	$0.00	OIC 675/97	Yes	**$5,753,930.63**
Ontario Infrastructure & Lands Corporation (formerly OIPC)	$200,000,000.00	June 23, 2006	June 23, 2016	Line of Credit	Yes	**$73,000,000.00**	$0.00	**$0.00**	$127,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
Ontario Lottery & Gaming	$226,482,969.61	October 31, 2007	November 15, 2013		No	**$226,482,969.61**	$222,401,728.82	**$0.00**	$0.00	OIC 675/97	Yes	**$4,081,240.79**
Ontario Lottery & Gaming	$18,524,285.19	February 1, 2010	February 2, 2015		No	**$18,524,285.19**	$13,365,368.30	**$0.00**	$0.00	OIC 675/98	Yes	**$5,158,916.89**
Ontario Lottery & Gaming	$33,802,243.16	October 19, 2010	January 8, 2018		No	**$33,802,243.16**	$4,824,021.16		$0.00			**$28,978,222.00**
Ontario Lottery & Gaming	$31,268,957.20	October 19, 2011	May 9, 2016		No	**$31,268,957.20**	$14,542,574.26		$0.00			**$16,726,382.94**
Ontario Northland Transportation Commission	$12,700,000.00	June 11, 1999	August 1, 2014	Debenture	No	**$12,700,000.00**	$11,639,308.03	**$0.00**	$0.00	OIC 675/97	Yes	**$1,060,691.97**
Ontario Northland Transportation Commission	$19,014,500.00	December 15, 1999	December 1, 2014	Debenture	No	**$19,014,500.00**	$16,907,954.30	**$0.00**	$0.00	OIC 675/97	Yes	**$2,106,545.70**
Ontario Northland Transportation Commission	$3,800,000.00	October 13, 2004	January 1, 2020		No	**$3,800,000.00**	$1,852,497.35	**$0.00**	$0.00	OIC 675/97	Yes	**$1,947,502.65**
Ontario Northland Transportation Commission	$2,300,000.00	July 19, 2005	January 1, 2031		No	**$2,300,000.00**	$442,384.79	**$0.00**	$0.00	OIC 675/97	Yes	**$1,857,615.21**
Ontario Power Authority	$975,000,000.00	November 9, 2010	December 31, 2013	Line of Credit	Yes	**($558,250.60)**		**$0.00**	$975,558,250.60			**$975,000,000.00**
Ontario Science Centre	$10,000,000.00	January 31, 2005	March 15, 2017		No	**$10,000,000.00**	$8,000,000.00	**$0.00**	$0.00	OIC 675/97	Yes	**$2,000,000.00**
Ottawa Convention Centre Corporation	$40,000,000.00	August 11, 2011	September 1, 2036		No	**$40,000,000.00**		**$1,868,800.00**	$0.00			**$40,000,000.00**
Royal Ontario Museum (ROM)	$27,000,000.00	July 4, 2011	March 31, 2027		No	**$27,000,000.00**		**$0.00**	$0.00			**$27,000,000.00**
Royal Ontario Museum (ROM)	$22,540,000.00	July 4, 2011	March 31, 2022			**$22,540,000.00**						**$22,540,000.00**
Sir Sanford Fleming College	$1,920,000.00	June 26, 2008	June 26, 2015		No	**$1,920,000.00**	$1,406,506.56	**$0.00**	$0.00	OIC 675/97	Yes	**$513,493.44**
Sir Sanford Fleming College	$14,921,000.00	June 27, 2012	July 6, 2027		No	**$14,921,000.00**	$788,012.53		$0.00			**$14,132,987.47**
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	February 6, 2012	October 16, 2017		No	**$28,137,279.00**	$8,215,761.00	**$0.00**	$0.00			**$19,921,518.00**
	$2,172,178,588.99											

OIC Summary					
	Opening Balance under OIC	Used portion of OIC under Loan Agreements	Remaining Balance Under OIC	Maturity	Revolving?
OIC 675/97	$2,160,000,000.00	$1,839,492,479.57	$320,507,520.43	June 1, 2041	Yes
OIC 767/99	$656,000,000.00	$0.00	$656,000,000.00	June 1, 2041	Yes

Data removed from above table:										OIC		
Borrower	Initial Loan Amount / Maximum Availability	Effective Date	Maturity Date	Type	Revolving	Advances	Repaid	Capitalized Interest (Construction)	Avaliable for Borrower under Agreement	OIC	Revolving	Borrowing Authority Allocated
Collège boréal d'arts appliqués et de technologie	$7,516,644.19	December 30, 2009	January 2, 1935		No	**$7,516,644.19**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$7,454,217.24**
Collège boréal d'arts appliqués et de technologie	$6,000,000.00	June 15, 2009	June 30, 1935	Construction	No	**$0.00**	$0.00	**$0.00**	$6,000,000.00	OIC 675/97	Yes	$6,000,000.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	February 1, 2010	February 1, 1940		No	**$20,000,000.00**	$66,407.61	**$0.00**	$20,000,000.00	OIC 675/97	Yes	**$19,933,592.39**
Mohawk College	$2,421,401.00	September 10, 2007	September 10, 2011		No	**$2,421,401.00**	$1,614,525.26	**$0.00**	$0.00	OIC 675/97	Yes	**$806,875.74**
Mohawk College	$2,443,000.00	February 24, 2009	March 2, 2012		No	**$2,443,000.00**	$1,000,676.12	**$0.00**	$0.00	OIC 675/97	Yes	**$1,442,323.88**
Mohawk College	$1,914,475.00	March 23, 2010	March 25, 2013		No	**$1,914,475.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$1,914,475.00**
Ontario Northland Transportation Commission	$8,000,000.00	December 21, 2001	March 31, 2012	Line of Credit	Yes	**$8,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$8,000,000.00**
Ontario Northland Transportation Commission	$7,000,000.00	December 3, 2001	March 31, 2012	Line of Credit	Yes	**$5,700,000.00**	$0.00	**$0.00**	$1,300,000.00	OIC 675/97	Yes	**$7,000,000.00**
Ontario Power Authority	$975,000,000.00	January 1, 2005	December 31, 2010	Line of Credit	Yes	**$120,000,000.00**	$20,000,000.00	**$29,726.03**	**$874,970,273.97**	OIC 675/97	Yes	**$975,000,000.00**
Royal Ontario Museum (ROM)	$13,000,000.00	October 17, 2007	March 31, 2011		No	**$13,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$13,000,000.00**
Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	March 31, 2012		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
Royal Ontario Museum (ROM)	$10,000,000.00	October 17, 2007	June 30, 2013		No	**$10,000,000.00**	$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$10,000,000.00**
St. Clair College	$534,547.68	June 24, 2008	June 26, 2013		No	**$534,547.68**	$191,389.29	**$0.00**	$0.00	OIC 675/97	Yes	**$343,158.39**

Loan Agreements

Borrower	Initial Loan Amount / Maximum Availability	Advances
Algonquin College of Applied Arts and Technology	$21,296,746.49	$21,296,746.49
Boreal College	$12,516,825.01	$12,516,825.01
Cambrian College	$14,674,109.88	$14,674,109.88
Canadore College of Applied Arts	$5,700,000.00	$5,700,000.00
Centennial College	$17,197,491.22	$17,197,491.22
City Of Windsor	$26,416,693.90	$17,197,491.22
Conestoga College	$14,700,000.00	$14,700,000.00
Confederation College	$1,700,000.00	$1,700,000.00
DICO	$250,000,000.00	$0.00
Fanshawe College of Applied Arts and Technology	$20,000,000.00	$20,000,000.00
Fleming College	#REF!	#REF!
George Brown College	$35,000,000.00	$35,000,000.00
Georgian College	$10,075,600.00	$10,075,600.00
Lambton College	$4,000,000.00	$4,000,000.00
Loyalist College	$5,883,544.55	$5,883,544.55
Mohawk College	$41,606,343.78	$36,544,442.78
Niagara Parks Commission	$6,500,000.00	$6,500,000.00
Ontario Infrastructure Projects Corporation	$200,000,000.00	$73,000,000.00
Ontario Lottery & Gaming	$310,078,455.16	$310,078,455.16
Ontario Northland Transportation Commission	$37,814,500.00	$37,814,500.00
Ontario Power Authority	$975,000,000.00	-$558,250.60
Ontario Science Centre	$10,000,000.00	$10,000,000.00
Ottawa Convention Centre Corporation	$40,000,000.00	$40,000,000.00
Royal Ontario Museum (ROM)	$49,540,000.00	$49,540,000.00
Sir Sanford Fleming College	$1,920,000.00	$1,920,000.00
University of Ontario Institute of Technology (UOIT)	$28,137,279.00	$28,137,279.00

			OIC		
Repaid	**Capitalized Interest (Construction)**	**Avaliable for Borrower under Agreement**	**OIC**	**Revolving**	**Borrowing Authority Allocated**
$251,514.03	**$0.00**	$0.00			
$894,038.64	**$0.00**	$0.00			
$2,603,546.77	**$0.00**	**$0.00**	OIC 675/97	Yes	$12,070,563.11
$490,889.60	**$0.00**	$0.00			
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$1,325,359.57	**$0.00**	$0.00	OIC 675/97	Yes	**$8,500,000.00**
$759,480.04					
$111,286.43					
$0.00	**$0.00**	$0.00	OIC 675/97	Yes	**$250,000,000.00**
$1,017,378.17					
#REF!					
$1,150,762.03					
$4,703,910.58	**$0.00**	$0.00	OIC 675/97	Yes	$5,371,689.42
$469,648.86			OIC 675/97	Yes	**$3,843,232.41**
$1,410,661.20		$0.00	OIC 675/98	Yes	$4,472,883.35
$479,313.38	**$15,613.25**	-$15,613.25	OIC 675/97	**Yes**	$41,127,030.40
$746,069.37			OIC 675/97	Yes	**$6,500,000.00**
$30,000,000.00		$157,000,000.00	OIC 675/97	Yes	**$200,000,000.00**
$255,133,692.54					$54,944,762.62
$30,842,144.47	**$0.00**	$0.00	OIC 675/97	**Yes**	$6,972,355.53
	$0.00	$975,558,250.60			
$8,000,000.00	**$0.00**	$0.00	OIC 675/97	**Yes**	$2,000,000.00
$938,246.87		$0.00			
$11,697,000.00					
$467,038.59	**$0.00**	$0.00	OIC 675/97	**Yes**	$1,452,961.41
$8,215,761.00	**$0.00**	$0.00			

From: Lenin Alvarez-Bravo []
To: Sarah Neville [Sarah.Neville@ofina.on.ca]; Mara Collins [Mara.Collins@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: IESO (Formerly OPA) - OFA Credit Facility Extension
Date: Thursday, August 18, 2016 08:39:47

Good morning OFA Legal team,

IESO (Formerly OPA) has a $975 million credit facility agreement which ends this year on November 30. IESO has approached OFA to start working on an extension of the agreement.

Please let me know who will be able to assist with this file. Please let me know if you have any questions.

Thank you,

Lenin

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Lisa Stein; Sarah Harris; Sarah Neville
Subject:	FW: OFHP OFA Prom note (draft) + $2Billion OIC
Date:	Wednesday, August 30, 2017 2:39:54 PM
Attachments:	OFA will not retain 25bps spread for $2.0B OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).msg OC-1279-2017.pdf

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Hi Caroline,
Lisa may have seen this at some point but I don't have her sign-off.
My question to Lisa for Section (d) (ii) (B) is no longer applicable and has been resolved (details attached). This section related to if OFA would charge a 25bps spread on the loan to IESO.
I imagine the signature date would be the same date as the signature date of the $2 billion FHP Credit Facility is signed?
For your reference is the signed copy of the $2 Billion OIC.
Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 1:59 PM
To: William Tan
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: RE: OFHP OFA Prom note (draft)
Hi Will,
I see that there are questions directed to Lisa in the promissory note. Did Lisa review it already or did you have a chance to discuss these questions with her?
Is this promissory note based on a recent precedent?
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: OFHP OFA Prom note (draft)
Hello Caroline,
When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)
Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)

Good morning Toby,

I updated the table only to be consistent with more recent precedent. Please review and comment.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 26, 2017 2:15 PM

To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
Date: Thursday, June 15, 2017 09:24:16
Attachment 1: image001.png
Attachment 2: 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx
Attachment 3: Directive IESO FHP 2017 v2.docx
Attachment 4: image002.png

This is note that Sarah an I met with Mike Manning, Linda Smith and Carlos Yep on the topic of 25bps OFA would charge on advances to IESO and the difference paid to the Province of Ontario. Mike deferred to Ken Kandeepan for a decision.

Ken provided instructions not to retain the 25bps for the $2.0 B,
OFA will charge the 25bps spread but the 25bps will go towards interest on debt.
OFHP IESO Credit Facility because we currently generate enough profit to cover out operations.
Conversation 6/14/17 at 2:15 pm.

According to OFHP OIC, section C(ii) "…..

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

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Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

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From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: OFA will not retain 25bps spread for $2.0B, OFHP IESO Credit Facility. 25 bps will go towards IOD (revised email).
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
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Toronto, Ontario M5G 1Z3, CANADA
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Recommended by the Treasury Board/Management Board of Cabinet on:
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Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

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(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

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(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

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_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the Spread as set out above.

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on

ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales

créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

Deb Matthews

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : JUN 28 2017

Lieutenant Governor
La lieutenante-gouverneure

From:	William Tan
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject:	FW: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 10:20:22 AM
Attachments:	OFHP OFA borrow from Province Prom Note (draft).rtf

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT1]: Toby, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Toby, what date should we use?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From:	Sarah Harris
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; Lisa Stein; William Tan; Tobias P. Whitfield (MOF)
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:02:20 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-

rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SH7]: Think this should just be the Advance.

~~Advance;~~ (b~~c~~b) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH8]: Deleted (b), since this is reflected in (d)

Commented [LS9]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH10R9]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS11]: Fix formatting/numbering and amend any corresponding numbering.

The IESO will at all times maintain its corporate existence.

Commented [SH12R11]: Done

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS13]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS14]: Change numbering throughout and references if applicable

Commented [SH15R14]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~c~~) The new aggregate total ~~-~~amount of the ~~-~~proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~) The new Repayment Date, being a Business Day, ~~-~~applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH16]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Tobias P. Whitfield (MOF)
Cc:	Lisa Stein; William Tan
Subject:	FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:06:42 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2 Toby) .doc

Hi Toby,

Thanks for your comments. We've included our answers to your 3 comments. Could you please also confirm you have no further comments on the Use of Proceeds?

Thanks,
Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 2:24 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

Commented [SH2R1]: This doesn't replace the existing facility (although the existing facility is being reduced from $975m to $475M). This is a new facility specifically purposed for the FHP.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Formatted: French (Canada)

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS9]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS10]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS19]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT20]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS21]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.21 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS22]: Why was this changed? Appears redundant.

Commented [WT23R22]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS24R22]: Add back original language (pre-amendment)

Commented [LS25]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS26]: Deleted s. 7.1 as n/a in this context

Commented [WT27R26]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW28]: Wording?

Commented [SH29R28]: Agree. Need to add "or"

Commented [LS30]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW31]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Commented [SH32R31]: OK. We can ask IESO.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS33]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS34]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS35]: N/A in context of IESO

Commented [WT36R35]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

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(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 1:46:59 PM

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to

whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
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> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
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> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Mike Manning
Cc:	Lisa Stein; Sarah Harris; Ken Kandeepan; Siva Nathan
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 12:51:19 PM

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 11:15:21 AM

Ken's reply.

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 11:15:03 AM

From: Mike Manning
Sent: Tuesday, August 08, 2017 10:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

It wouldn't hurt to have a quick discussion on this matter. I expect unsecured is ok.

Mike

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Mike,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We

have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 9:13:26 AM

Good morning all,

I will check with Ken and Mike this time morning around 10am if they have not weighed-in. (I am currently reviewing CIPA s. 23 and the relevant section of the Lending Policy). If Mike and Ken requires an explanation further than what's below, I may have to defer to you Lisa.
Lisa, once Ken and Mike weighs-in, will we need and will you be drawing up the intercept language? If yes, how long will that take approximately? (if any impact at all, dramatic new language, another round of reviews, how long to draw up etc.)
How will the reply from Ministry and Energy & IESO impact our agreement? (if any impact at all, dramatic new language, another round of reviews, how long to draw up etc.)

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 04, 2017 3:47 PM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Thank you. I agree that Ken and Mike should weigh in before we proceed.

Lisa

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We

have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

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Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

Subject: FW: Policy question re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 9:48:20 AM

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that the OFA decision makers (i.e. Ken K., Mike M.) have considered the OFA Lending Policy (as per my earlier e-mail below), and have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under the loan agreement, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that this point, as well as the insolvency and operational risks, have been considered. Toby has summarized the questions to be considered during the call in the e-mail which I have forwarded below.

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>

Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

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Sent: Friday, August 04, 2017 3:42 PM
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Hi Lisa, William,

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I do want to copy Ken and Mike to ensure that they are onside, as well.

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Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

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To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

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In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Lisa Stein
To: Lisa Stein
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Date: Friday, November 10, 2017 3:36:20 PM

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, August 09, 2017 4:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

I have sent this in reply to Ken's email, but limited the list to you three so that you can share and discuss as you see fit.

To clarify, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Let me know if that makes sense, or if I can explain the process further.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 9, 2017 1:54 PM
To: Bruno Amara
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Manning, Mike (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Tan, William (OFA); Kim, John (OFA); He, Gavin (OFA)
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

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- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
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    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
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that it is confident that no other security interest could attach to the Asset?
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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Lisa Stein; Tobias P. Whitfield (MOF); William Tan
Subject:	FW: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:37:30 AM
Importance:	High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
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> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
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From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

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have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

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From: Lisa Stein
To: Lisa Stein
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Date: Friday, November 10, 2017 3:36:20 PM

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, August 09, 2017 4:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

I have sent this in reply to Ken's email, but limited the list to you three so that you can share and discuss as you see fit.

To clarify, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Let me know if that makes sense, or if I can explain the process further.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: August 9, 2017 1:54 PM
To: Bruno Amara
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Manning, Mike (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Tan, William (OFA); Kim, John (OFA); He, Gavin (OFA)
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

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Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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From:	Andrea Dalgarno
To:	Dimitri Markoulakis (MOF)
Cc:	Sarah Harris; Sarah Neville; Lisa Stein; Mara Bakic; Daki Proudfoot
Subject:	FW: Prom Notes
Date:	Thursday, March 08, 2018 9:49:33 AM
Attachments:	767 - 99 and 675 -97.pdf FW Ottawa Congress Centre follow up.msg

Hi,

Documentation is not holding either of the Prom Notes in its vault.

A while back, we reached out to Sarah Neville and Malle to see if they may have them but are unaware if they had any luck locating the notes.
We have an unexecuted copy of the one associated with OIC 675-97 per attached.

For the OIC 767-99 we do not have any record/copy of the Prom note but it would be for 650M with ultimate repayment date of 8/31/2029 an my guess would be it was done around April 21, 1999.

We are unsure which loans were allocated to each OIC but have an aggregate spreadsheet for the two OIC's together. I have asked Daki in CF (somewhat circular given Mara forwarded the request) to check the documentation and their records around the Ottawa Convention Centre (we have no file for OCC at this end) to see if any OIC is specifically mentioned. I will let you know the findings.

Can you double check the Prom Notes (originals) at the LSB side to see if any of them match up to details above and let me know?

Regards,

Andrea

From: Sarah Harris
Sent: Monday, June 12, 2017 1:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Thank you, Sarah.

From: Sarah Neville
Sent: Monday, June 12, 2017 1:01 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Hi Sarah – I will ask for our file list/original documents list to be searched.

Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC.

Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,
Sarah

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

Corp. Finance
Borrowing Bylaw
for the OFA

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Six Hundred and Fifty-six Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law in accordance with the Act and approved by the Minister of Finance;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2029;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan, provided that the maximum principal amount of the loan outstanding at any time shall not exceed Six Hundred and Fifty-six Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the interest rate paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the interest rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended

Minister of Finance

Concurred

Chair of Cabinet

Approved and Ordered

APR 2 1 1999

Date

Lieutenant Governor

Ministry of Finance

Office of the Minister

Frost Building South
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tel: (416) 325-0400
Fax: (416) 325-0374

Ministère des Finances

Bureau du ministre

Edifice Frost sud
7 Queen' s Park Cres.
Toronto ON M7A 1Y7
Tél: (416) 325-0400
Téléc: (416) 325-0374

Ontario

February 22, 1999

MEMORANDUM TO: The Honourable Ernie Eves
Minister of Finance

SUBJECT: **Ontario Financing Authority 1999-2000 Borrowing OIC**

Attached for your approval and signature is an Order in Council (OIC) authorizing the Province to lend up to $656 Million to the Ontario Financing Authority ("OFA").

The amount authorized to be borrowed by the OFA from the Province will provide financing to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies. The borrowed funds can only be on-lent to these public bodies by the OFA for projects that have received approval from Management Board of Cabinet or the Minister of Finance or for specific lines of credit for cash management purposes.

The attached material contains supporting briefing notes and schedules. Staff are available to brief you should you have any questions regarding the OIC.

If you approve this request, will you please sign the proposed OIC so that it may be place on the agenda for the Cabinet meeting scheduled for March 10, 1999.

Bryne Purchase
Deputy Minister

ONTARIO FINANCING AUTHORITY

Issue:

An Order in Council (OIC) authorizing the Ontario Financing Authority (OFA) to borrow up to $656 million from the Province.

Comments:

- The OIC for $656 million will fund the OFA's lending requirements for the 1999/2000 fiscal year.

- The $656 million will be loaned to meet Government committments to Ontario Housing Corporation, Ontario Northland Transportation Commission and other public bodies as per attached schedule showing the projected use of funds for these organizations as well as the previous fiscal year advances.

- The OFA lends funds to public bodies, as an intermediary of the Province subject to the conditions and restrictions of the OFA Lending Policy.

- The OFA Lending Policy requires that the OFA Board approve an annual borrowing plan for the OFA that identifies;

  (i) the OFA's borrowing requirements for the year from the Province and any other sources; and

  (ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

- All necessary OFA Board and Management Board approvals must be in place before the OFA will execute this borrowing authority and on-lend funds to any government agency.

- Interest will be paid by the OFA to the Province under one of the following rates:

  - the Provincial 90-day Treasury Bill rate,
  - the rates charged by OFA on the corresponding loans by the OFA to government agencies, or
  - less 25 basis points on the said loans.

  This flexibility will allow the OFA to match the terms of the loan from the Province to the terms of the loans made by the OFA to government agencies.

RECOMMENDATION:

- Approval of the OIC authorizing a loan up to $656 million to the OFA.

Tony Salerno
Gadi Mayman
Linda Smith (5-8142)/Irene Stich (5-8053)
Capital Markets Division
February 18,1999

Irene

1999-00 REVIEW OF OFA LENDING POLICY: FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

Issue

- Review of the OFA Lending Policy for lending activities undertaken where the OFA is acting as an intermediary of the Province.

Recommendation

- It is recommended that the OFA Board make no changes to the current OFA Lending Policy for the year 1999-00. No amendments are required to the Lending Policy since it still accurately reflects the lending activities of the OFA, and no change is anticipated in those lending activities.

Background

- Under the current Lending Policy, the OFA:

  (i) does not lend to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board;

  (ii) advances loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan; and

  (iii) does not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

- The Lending Policy requires that an annual borrowing plan for the OFA be provided to the OFA Board for approval along with a report outlining the status of all loans outstanding.

- Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

- Where the Province has approved Provincial financing to a public body without specifying the role of the OFA, the OFA will advance the loan if:

  – the CEO of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

- there is sufficient allocation for the loan in the annual borrowing plan.

- The OFA will adhere to the lending terms and conditions outlined in the Lending Policy unless otherwise requested by Cabinet, Management Board of Cabinet or the Minister of Finance.

Bill Ralph (5-8057)/John McKendrick (5-9815)/Sophie Léger (5-9817)
Ontario Financing Authority
February 15, 1999

Total OFA Loans Outstanding

Borrower & Project	As of December 31, 1998 ($ million)		
	Principal Advanced	Accrued Interest	Total Outstanding
City of Toronto [1] Restructuring	100.0	0.0	100.0
City of Windsor Joint Justice Facility	16.8	0.7	17.5
Metropolitan Toronto Convention Centre [2] Convention Centre Expansion	137.4	16.0	153.4
Ontario Northland Transportation Commission Rails Cars and Spur Line	13.6	0.0	13.6
Ontario Science Centre OMNIMAX Theatre	1.6	0.0	1.6
Ontario Transportation Capital Corporation [3] Highway 407	1,400.3	106.7	1,507.0
Ontario Housing Corporation Prepayment of CMHC Debentures	0.0	0.0	0.0
Contingency Amount [4] As Required and Approved	0.0	0.0	0.0
Total	**1,669.7**	**123.4**	**1,793.1**

1. City of Toronto loan expected to be assigned to MMAH in March 1999; second $100 M will be provided by MMAH.
2. Refinancing of a portion of the MTCC loan is expected in April 1999.
3. Sales proceeds for the Highway 407 are expected in May 1999.
4. Use of Contingency amount is subject to the approvals required in the OFA lending policy.

Ontario Financing Authority, Corporate Finance Division
February 10, 1999
H:\ofa\1999-00 by-law\borrowing&onlending plan 99-00 2.wpd

OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

From: Sarah Harris []
To: Andrea Dalgarno [Andrea.Dalgarno@ofina.on.ca]
Subject: FW: Ottawa Congress Centre follow up
Date: Wednesday, March 07, 2018 16:12:37

Hi Andrea,

Let's discuss this tomorrow.

Thanks,

Sarah

From: Mara Bakic
Sent: Wednesday, March 07, 2018 1:24 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Ottawa Congress Centre follow up

Hi Sarah,

It appears very likely that the loan the OFA advanced to the Ottawa Congress Centre in 2011 will be forgiven.

Per the email from MoF legal (Dimitri) below, we are trying to identify the promissory note and OIC under which OFA borrowed money from MoF for the purposes of the OFA loan.

Can you or someone on your team help?

Please let me know if you need more details about the OCC loan.

Thanks

Mara

From: Markoulakis, Dimitri (MOF) [mailto:Dimitri.Markoulakis@ontario.ca]
Sent: Wednesday, March 07, 2018 12:47 PM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>; Jeffrey Hernandez (MOF) <Jeffrey.Hernandez@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Ottawa Congress Centre follow up

Hi,

Jeff and I were wondering if there is a way to identify the prom note and OIC under which OFA borrowed money from MOF for the purposes of the loan. We have some old promissory notes here but they are for large amounts and they don't identify the on-lending. The agreement is dated from 2011, if that helps.

Thanks,

Dimitri

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	FW: Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 4:23:21 PM
Attachments:	675.1997.pdf 844.2008.pdf

Hi Lisa,

The original is from 1997 and amended in 2008. I hope this is helpful.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, November 02, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Promissory note between Province of Ontario and OFA for $475M

Hi Will,

For ease of reference can you please send me the relevant OIC?

Thank you,

Lisa

From: William Tan
Sent: Thursday, November 02, 2017 3:43 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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OFA loan

Ontario

Executive Council
Conseil exécutif

O.C./Décret 675/97

I hereby certify that the attached is a true copy of an Order made on April 2nd, 1997, by Her Honour the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario in Council.

Deputy Clerk, Executive Council of Ontario

Dated at Toronto,
April 3rd, 1997

Ontario
Executive Council
Conseil des ministres

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation du soussigné, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil des ministres, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow Two Billion One Hundred and Sixty Million Dollars from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus accrued interest shall be fully repaid by August 31, 2027;

(c) the OFA shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Sixty Million Dollars;

(d) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the OFA to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the OFA to the Province on the portion of the Advance so loaned may be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the OFA under the Third Party Loan, or

(B) the per annum rate of interest payable to the OFA under the Third Party Loan less 25 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) the loan hereby authorized shall be evidenced by a promissory note in a form acceptable to the Minister of Finance.

Recommended
Minister of Finance

Concurred
Chair of Cabinet

Approved and Ordered
APR - 2 1997
Date

Lieutenant Governor

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of;

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances plus accrued interest either in whole or in part and at such time or times as it determines provided that all Advances plus accrued interest shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance;

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full; and

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this day of , 1997.

Ontario Financing Authority

per:_____
Executive Director

ADVANCES OF PRINCIPAL

TKT #	DOC #	TRADE DATE	INT RESET DATE	# DAYS	INT. REF: T-Bill or OFA Loan or OFA Loan less 25 bps	INT RATE	ADVANCE	ACCRUED INT.	TOTAL ADVANCES

Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OFA");

AND WHEREAS pursuant to Order in Council 767/99 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 1883/2006 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 2144/2007 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion Dollars in lawful money of Canada to the OFA;

AND WHEREAS the Province considers it expedient to amend Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 to allow for loans from the Minister of Finance to the OFA which shall be fully repaid by the OFA by June 1, 2041 and to allow the OFA to retain up to 40 basis points on advances made by the Minister of Finance to the OFA where the OFA subsequently loans those moneys to public bodies;

THEREFORE:

1. Order in Council 675/97, as amended by Order in Council 1709/98, is hereby amended by:

(i) deleting "August 31, 2027" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points, "

2. Order in Council 767/99, is hereby amended by:

(i) deleting "August 31, 2029" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,"

3. Order in Council 1883/2006 is hereby amended by:

(i) deleting "November 1, 2032" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,
>
> until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

4. Order in Council 2144/2007 is hereby amended by:

(i) deleting "December 1, 2037" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

5. The forms of promissory note which evidence the loans pursuant to Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 are hereby amended to reflect the above changes to the Orders in Council in respect of all amounts advanced to the OFA on or after the date of this Order.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered JUN 0 4 2008 Date

_____ Lieutenant Governor

From:	Lisa Stein
To:	Mara Collins
Subject:	FW: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:43:17 AM

Hi Mara,

As you worked on the transition of the OPA credit facility agreement to the IESO a few years ago, do you recall if there was any discussion pertaining to the inclusion of an intercept provision in the agreement, as required by the OFA Lending Policy?

Thank you,

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From: Bruno Amara
Sent: Monday, August 14, 2017 11:41 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Questions re Intercept Provision

Thanks Lisa

A couple of further comments

1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.

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I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.

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Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>

Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision

Hi Bruno,

Please see my responses below.

Thank you,

Lisa

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Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

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3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

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Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

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Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

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The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province

has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset. Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of

indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?

    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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

From:	Lisa Stein
To:	Bruno Amara
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:49:30 AM

FYI

From: Mara Collins
Sent: Monday, August 14, 2017 11:46 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Questions re Intercept Provision

No, this did not come up in any discussions/correspondence I was involved with.

From: Lisa Stein
Sent: Monday, August 14, 2017 11:43 AM
To: Mara Collins <Mara.Collins@ofina.on.ca>
Subject: FW: Questions re Intercept Provision

Hi Mara,

As you worked on the transition of the OPA credit facility agreement to the IESO a few years ago, do you recall if there was any discussion pertaining to the inclusion of an intercept provision in the agreement, as required by the OFA Lending Policy?

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> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
>
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it

may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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you.

From: William Tan
To: "Victor Buza"; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10
Date: Monday, November 06, 2017 1:56:56 PM

Hi Victor,

Thank you for the update. When you send the soft copy signatures, would it be possible to include the signatures within the agreements?

You were probably going to include the following signed soft copies anyway but out of caution I have listed them below:

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Note
- $475 MM Grid Note

Hardcopy of the Intercept Letter and $2B Grid Note – overnight delivery is fine.

Per s. 16 AA #10 - Anthony and I discussed on Friday that $475MM Grid note would be signed today but held by IESO until November 21. After the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received OFA will send the $975MM cancelled prom note to IESO.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10
Date: Monday, November 06, 2017 11:50:44 AM

Hello Lisa,

It appears as though Victor will be forwarding only the scanned signature portion of the agreement and not the scanned signatures embedded in the agreement. Obviously it is implied they are signing the agreement. However, from a legal perspective should be ask for them to send a soft copy of the signatures embedded agreement in its entirety?

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Sarah Neville; Anna Strathy
Subject:	FW: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 4:07:45 PM
Attachments:	FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf OFA IESO Amending Agreement No. to Jan 1, 2005 Credit Facility Nov 6,2017 - OFA signed.pdf

FYI.

From: William Tan
Sent: Monday, November 06, 2017 4:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

Please find the attached signed FHP Credit Facility Agreement and Amending Agreement #10 to the Jan. 1, 2005 Credit Agreement. Original signature pages will reach you tomorrow or the day after.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 3:25 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10
Importance: High

Will,

Please find attached the following documents signed by IESO:

1. Amending Agreement #10 to the Jan. 1, 2005 Credit Agreement;
2. Certified IESO Board Resolution and Incumbency Certificate;
3. Scan of the $2 Billion Grid Note.
4. Intercept Letter Agreement.

I will send the new Revolving Credit Facility Agreement in relation to FHP under a separate email immediately following.

We have already overnighted the original grid note for $2 billion and an original Intercept Letter signed by all parties. Per your request, we will send original agreement signature pages for both agreements as well – can we send those tomorrow or do you need the overnighted too?

Let us know. We look forward to receiving your confirmation of closing.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 3:09 PM
To: Victor Buza
Cc: Lisa Stein; Sarah Harris; Anthony Martinello
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

I clarified internally and we would want an original signature page for the FHP Agreement and Amending Agreement No. 10.

Thanks,

Will

From: William Tan
Sent: Monday, November 06, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

My apologies. Please scan the separated $2B and $475 MM Grid promissory notes. Forward the $2B promissory note but hold on to the $475MM Grid Promissory Note until November 21.

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter

- $2 B Grid Promissory Note
- $475 MM Grid Promissory Note

Yes, please forward the documents to myself.

William Tan
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 2:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

I will scan and send all documents you listed in their entirety, not just signature pages. Can you confirm, are you saying you want a scan of the $475MM grid note?

Just so I get it right, should I courier the hardcopies of the Intercept Letter and Note to your attention and address, Will? Call me if it's quicker.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

Thank you for the update. When you send the soft copy signatures, would it be possible to include the signatures within the agreements?

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Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may

prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6 day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover					Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO"**), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**", the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note"**). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment

Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

   i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 6, 2017; and,

   ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

   iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

   iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement on the dates set out below, which shall come into effect as of the Effective Time as defined herein.

ONTARIO FINANCING AUTHORITY

Per: _____ Date: November 6, 2017.

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____ Date: November_____, 2017.

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover					Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	FW: Subcategory allocation breakdown under $475M Credit Facility and $2B Credit Facility
Date:	Monday, October 30, 2017 3:56:01 PM

From: Sarah Harris
Sent: Monday, October 30, 2017 3:56 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Fwd: Subcategory allocation breakdown under $475M Credit Facility and $2B Credit Facility

Sent from my iPhone

Begin forwarded message:

> **From:** William Tan <William.Tan@ofina.on.ca>
> **Date:** October 30, 2017 at 12:50:00 PM EDT
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject: Subcategory allocation breakdown under $475M Credit Facility and $2B Credit Facility**
>
> Hi Sarah,
>
> I asked Anthony to provide the subcategory account names/program names and allocation amounts under the $475M Credit Facility and $2B Credit Facility so that we may set these up on the loan system.
> According to Anthony he wish arrange the facilities as follows:
>
> $475
> RRRP (Rural or Remote Electricity Rate Protection Variance)
> $15+5
>
> FHP
> RPP (Regulated Price Plan Variance)
> $825+$225
>
> The additional balances (+) are for the new advances. He does not know the names of the subcategories yet or the amount allocations/limit to dedicate to the subcategories. He will provide us with these details in the form of a Borrowing Notice at the time for advancements.
>
> Let me know if you require more details.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Lisa Stein
Subject:	FW: Touch Base
Date:	Monday, September 11, 2017 3:24:48 PM
Attachments:	FHP credit facility agreement Sept 8 OFA.docx FHP credit facility agreement Sept 8 OFA (clean and blackline copy).docx

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2~~1~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such A~~a~~dvances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

Commented [WT1]: Amended as per previous comment.

Commented [WT2]: Amended as per previous comment.

Commented [WT3]: Comment amended as per email.

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

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~~By:~~

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Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

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REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

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REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

Commented [VB1]: NOTE - I bolded the 3 defined terms

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

Commented [VB2]: Grammar corrected

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Commented [VB3]: grammar requires correction

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Commented [VB4]: Made consistent with the language in Amending Agreement #10 and standard practice

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance~~. [Either end sentence after "Advance" and delete remainder, OR keep the remainder but insert the words: "~~ which shall in any case be~~]~~ in accordance with Section 2.2~~]~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) ~~the outstanding principal amount of the Grid Note~~. Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such ~~advances~~Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [VB5]: IESO is not actually certifying in accordance with the language in s.2.2, so this should be fixed in accordance with one of the options in order to be accurate.

Commented [WT6]: Amended as per previous comment.

Commented [VB7]: This appears to be the same as the definition of "Advances Outstanding" so ordinarily should use the defined term - see also item (v) of Grid Note. If this is different than the defined term, let us know.

Commented [WT8]: Amended as per previous comment.

Commented [WT9]: Comment amended as per email.

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of

Commented [VB10]: This is a defined term

interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [VB11]: Defined term

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Capital Markets Division

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

_____

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Commented [VB12]: Per the terms of our Board Resolution, IESO's CFO is authorized to sign all agreements, instruments and ancillary documents - no second signature line required here

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Per: _____

Name:

Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Mark Froud
To:	Malle Hanslep (MOF); Lisa Stein
Subject:	FW: Transfer of Wire Payments for Ministries from OFA to OSS
Date:	Monday, September 24, 2018 2:23:57 PM
Attachments:	List of Wire Payments Made by the OFA on Behalf of Ministries v2.xlsx RE Wire Payments out of IFIS.msg

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fyi

From: Mara Bakic
Sent: Wednesday, August 08, 2018 2:59 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Yarly Jean-Paul <Yarly.Jean-Paul@ofina.on.ca>; Garth Parish <Garth.Parish@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Mark Froud <Mark.Froud@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: FW: Transfer of Wire Payments for Ministries from OFA to OSS

FYI

Stay tuned …

From: Risa Thau
Sent: Wednesday, August 08, 2018 2:54 PM
To: Mara Bakic <Mara.Bakic@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Ingrid Vincent <Ingrid.Vincent@ofina.on.ca>; Joe Pedota <Joe.Pedota@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: Transfer of Wire Payments for Ministries from OFA to OSS

Hi Everyone,

In January 2018 the managers of Finance and Treasury Division (FTD) discussed with Ken the increased number of wire payments the OFA makes on behalf of various ministries (please see attached spreadsheet). We concluded that since these payments are not within the OFA Mandate we should approach the Office of the Provincial Controller Division (OPCD) with a recommendation that the wire payments be transferred from the OFA to Ontario Shared Services (OSS) which handles the ministries Electronic Funds Transfers (EFTs) (please see attached email from Ken to Joe Liscio, Director of OPCD).

Today we received notification from OPCD that they have received approval to go ahead with

this project. FTD will be working with OPCD and OSS to effect a smooth transition of these wire payments. The reason I am notifying you of this transition is because once it takes place, OSS will make all wire payments for all ministries. These payments will include MOF loan advances, payments on behalf of Ministry of Energy to IESO and several other payments in which your divisions may be involved. Moreover, MOUs may have to be amended once OSS takes over making these wire payments from the OFA (Sarah Neville, that is why I am copying you on this email).

We do not yet have a timeline for the transition of the wire payments however I will keep you apprised of the progress of the project.

If you have any questions, please don't hesitate to contact me.

Thanks,

Risa Thau

Manager, Settlements, Payments and Fiscal Agency

Ontario Financing Authority

Phone: 416-325-6879

Fax: 416-204-7945

Mobile: 416-728-9920

Wire Payments Issued by Ontario Financing A

Date	Document Number
Fiscal 2014-15: 82 payments by OFA for variou	
14-Apr-14	ME0003
15-May-14	ME0014
13-Jun-14	ME0029
15-Jul-14	ME0045
15-Aug-14	ME063
17-Sep-14	ME0078
16-Oct-14	ME0094
18-Nov-14	ME0107
12-Dec-14	ME0127
15-Jan-15	ME0148
18-Feb-15	ME01461
17-Mar-15	ME0190
16-Apr-14	ME0022
18-Feb-15	ME0169
19-Nov-14	ME0105
23-Jul-14	ME0047
19-Aug-14	ME0059
16-May-14	ME0013
9-Jun-14	ME0024
20-Aug-14	ME0065
31-Mar-15	ME0198
31-Mar-15	ME0199
31-Mar-15	ME0203
31-Mar-15	ME0204
31-Mar-15	ME0205
31-Mar-15	ME0206
April 1, 2014-March 31, 2015	various doc numbers - total entries for fiscal year was 56

Fiscal 2015-16: 215 payments by OFA for varic

14-May-15	ME0038
16-Jun-15	ME0052
17-Jul-15	ME0079
19-Oct-15	ME0123
19-Aug-15	ME0094
17-Sep-15	ME0102
18-Nov-15	ME0151
16-Dec-15	ME0171
19-Jan-16	ME0181
20-Apr-15	ME0019
17-Feb-16	ME0206
16-Mar-16	ME0224
19-May-15	ME0037
18-Nov-15	Me0149
12-Feb-16	ME0205
19-Aug-15	ME0092
18-Jun-15	ME0053
26-Jun-15	ME0060
19-Oct-15	ME0124
28-Oct-15	ME0127
4-Nov-15	ME0128
4-Nov-15	ME0129
4-Nov-15	ME0130
4-Nov-15	ME0131
4-Nov-15	ME0132
5-Nov-15	ME0136
17-Nov-15	ME0152
19-Feb-16	ME0207
5-Feb-16	ME0198
28-Sep-15	ME0109
April 1, 2015-March 31, 2016	various doc numbers - total entries for fiscal year was 185

Fiscal 2016-17: 297 payments by OFA for varic

16-Mar-17	ME0226

16-Mar-17	ME0228
18-Jan-17	ME0183
16-Feb-17	ME0203
18-Apr-16	ME0023
17-May-16	ME0050
16-Jun-16	ME0071
19-Jul-16	ME0089
17-Aug-16	ME0111
19-Oct-16	ME0140
17-Nov-16	ME0160
19-Sep-16	ME0127
16-Dec-16	ME0174
20-Sep-16	ME0126
18-Nov-16	ME0159
18-Aug-16	ME0110
17-May-16	ME0047
16-Feb-17	ME0198
10-Mar-17	ME0218
10-Mar-17	ME0220
24-Jan-17	ME0185
24-Jan-17	ME0186
24-Jan-17	ME0187
7-Jun-16	ME0064
4-Jul-16	ME0077
5-Jul-16	ME0078
6-Dec-16	ME0165
5-Jan-17	ME0177
April 1, 2016-March 31, 2017	various doc numbers - total entries for fiscal year was 269

Fiscal 2017-18: 280 payments by OFA for varic

20-Apr-17	ME0020

16-Jun-17	ME0059
16-May-17	ME0042
19-Jul-17	ME0075
17-Aug-17	ME0099
19-Sep-17	ME0123
18-Oct-17	ME0139
15-Nov-17	ME0174
18-Dec-17	ME0188
17-Jan-18	ME0205
20-Dec-17	ME0190
17-Jan-18	ME0205
18-Dec-17	ME0188
17-Nov-17	ME0174
19-Sep-17	ME0123
18-Oct-17	ME0139
18-Oct-17	ME0139
Sep 19,2017	ME0123
17-Nov-17	ME0174
18-Dec-17	ME0188
17-Jan-18	ME0205
17-Nov-17	ME0174
18-Dec-17	ME0188
17-Jan-18	ME02025
19-Sep-17	ME0123
18-Oct-17	ME0139
18-Oct-17	ME0139
17-Aug-17	ME0099
19-Sep-17	ME0123
16-Jun-17	ME0059
19-Jul-17	ME0075
20-Apr-17	ME0020

16-May-17	ME0042
16-Jan-18	ME0205
18-Dec-17	ME0188
18-May-17	ME0038
18-Aug-17	ME0093
17-Nov-17	ME0165
22-Sep-17	ME0125
8-Sep-17	ME0109
8-Sep-17	ME0113
11-Sep-17	ME0119
17-Aug-17	ME0097
3-May-17	ME0029
29-Jun-17	ME0067
12-Jul-17	ME0072
29-Dec-17	ME0191
29-Dec-17	ME0192
29-Dec-17	ME0193
2-Jan-18	ME0194
April 1, 2017-February 16, 2018	various doc numbers - total entries for fiscal year was 230

uthority on Behalf of Ministries

Ministry	Amount
ıs ministries	
Energy	93,820,964.36
Energy	86,364,312.65
Energy	79,634,244.08
Energy	77,184,889.32
Energy	87,314,284.15
Energy	84,658,934.29
Energy	86,432,885.93
Energy	84,848,477.80
Energy	79,775,027.08
Energy	92,134,661.09
Energy	101,214,345.18
Energy	97,074,490.65
Energy	3,161,543.42
Energy	30,413,799.48
Energy	31,585,170.86
Energy	3,340,408.56
Energy	25,495,771.08
Energy	19,744,720.34
Transportation	452,604,324.00
Transportation	212,177,162.00
Finance	600,000,000.00
Finance	658,251,615.92
Energy and Research & Innovation and Economic Development	217,535,874.00
Research and Innovation	1,796,200.00
Research and Innovation	5,780,774.00
Research and Innovation	665,753.42
Universities, Training and Colleges	
ɔus ministries	

Energy	92,238,663.51
Energy	76,868,684.56
Energy	103,622,804.96
Energy	97,786,855.02
Energy	90,922,371.30
Energy	94,349,476.03
Energy	87,589,404.58
Energy	89,868,006.14
Energy	93,413,530.40
Energy	98,821,199.30
Energy	55,408,117.51
Energy	17,971,769.38
Energy	15,477,601.86
Energy	27,790,253.10
Energy	30,976,072.30
Energy	27,873,293.66
Transportation	452,377,702.50
Health	36,311,000.00
Transportation	151,985,000.00
Energy	65.00
Energy	400,000,000.00
Energy	600,000,000.00
Energy	300,000,000.00
Energy	800,000,000.00
Energy	500,000,000.00
Energy	3,125,000.00
Energy	125,000.00
Energy	800,000,000.00
Finance	20,000,000.00
Transportation	200,356,920.17

Universities, Training and Colleges

›us ministries

Energy	95,560,300.68

Energy	117,035,469.59
Energy	153,261.52
Energy	32,847,216.37
Energy	3,372,448.99
Energy	2,261,862.51
Energy	8,617,485.27
Energy	16,896,336.77
Energy	11,217,592.87
Energy	498,810.48
Energy	331,664.76
Energy	5,078,424.51
Energy	4,231,716.46
Energy	7,937,546.38
Energy	36,631,193.76
Energy	14,788,447.00
Energy	20,375,989.64
Energy	29,148,397.50
Energy	28,409,153.79
Finance	701,335,956.00
Research, Innovation and Science	63,210,967.67
Research, Innovation and Science	5,789,032.33
Research, Innovation and Science	2,000,000.00
Transportatio	964,878,029.00
Finance	5,000,000.00
Government and Consumer Services	USD 875,000
Finance	568,447,647.00
Finance	100,000.00
Universities, Training and Colleges	

›us ministries

Energy	83,187,907.15

Energy	72,432,710.89
Energy	71,076,542.05
Energy	66,265,038.17
Energy	66,793,141.00
Energy	68,627,166.18
Energy	59,444,469.20
Energy	62,590,230.24
Energy	57,354,991.68
Energy	58,767,522.04
Energy (check one of these back-ups to ensure right ministry)	518,760,000.00
Energy	18,175,530.62
Energy	21,013,934.57
Energy	20,118,248.02
Energy	18,908,946.11
Energy	19,144,733.37
Energy	1,205,015.10
Energy	1,165,720.66
Energy	1,232,027.64
Energy	1,566,089.84
Energy	1,583,754.44
Energy	13,040,527.33
Energy	14,635,085.29
Energy	15,236,332.89
Energy	14,685,743.33
Energy	12,974,898.69
Energy	349,083.95
Energy	401,756.33
Energy	142,186.53
Energy	93,015.05
Energy	33,063.70
Energy	6,789.43

Energy	210,510.18
Energy	91,044.86
Energy	9,835.54
Energy	23,071,732.18
Energy	24,196,467.26
Energy	35,059,535.70
Finance	1,000,000.00
Finance	2,250,000.00
Finance	2,250,000.00
Finance	12,000,000.00
Energy	14,538,047.77
Health	3,908,472.00
Finance	18,450,000.00
Health	195,044.00
Transportation	194,631,041.63
Energy	27,823,890.00
Energy	1,200,000.00
Finance	2,810,000.00

Advanced Education and Skills Development

Purpose

Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
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Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Ontario Clean Energy Benefits
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Ontario Infrastructure and Lands Corporation Re: Rt. Hon. Herb Gray Parkway
Ontario Infrastructure and Lands Corporation Re: Rt. Hon. Herb Gray Parkway
Pertaining to closing of 2013 taxation year under Tax Collection Agreement
Pertaining to closing of 2013 taxation year under Tax Collection Agreement

MaRS loan
MaRS loan
MaRS loan
MaRS loan

Student Loans Program

Ontario Clean Energy Benefits
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Northern Industrial Electricity Rate (NIER) Program
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Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Ontario Infrastructure and Lands Corporation Re: Rt. Hon. Herb Gray Parkway
eHealth Ontario Operating Expenses
Ontario Infrastructure and Lands Corporation Re: Rt. Hon. Herb Gray Parkway
Test payment to Hydro One
Hydro One Share Subscription
Hydro One Share Subscription
Hydro One Share Subscription
Hydro One Share Subscription
Hydro One Share Subscription
Loan to Power Workers' Union Trust for purchase of Hydro One shares

Loan to SEP Trust I for purchase of Hydro One shares
Ontario Electricity Financial Corporation Debt Paydown as result of Hydro One shares
Ontario Retirement Pension Plan Administration Corporation loan
City of Ottawa - Highway 417 widening

Student Loans Program

Ontario Clean Energy Benefits

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Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Northern Industrial Electricity Rate (NIER) Program
Foreign Affairs Trade and Development Canada to cover payment damages, legal costs and accrued interest awarded to Windstream Energy LLC
OEFC - to reduce Province's obligations with OEFC by amount of book value of Hydro One Shares sold at the 2016 IPO
MARS Phase 2 Inc. Investment Trust
MARS Phase 2 Inc. Investment Trust
MARS Phase 2 Inc. Investment Trust
Ontario Infrastructure Lands Corporation - 407 East Development Group GP Project Co.
Ontario Retirement Pension Plan Administration Corporation Loan
Zuffa LLC
OEFC - to reduce Province's obligations with OEFC by amount of book value of Hydro One Shares sold at the 2015 IPO
Power Workers' Union to correct overpayment of interest

Student Loans Program

Ontario Rebate for Electricity Consumers (OREC)

Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)
Ontario Rebate for Electricity Consumers (OREC)

OPG Shares Acquired from the Fair Hydro Plan
OPG Shares Acquired from the Fair Hydro Plan and Remote Rate Protection Payments to IESO
OPG Shares Acquired from the Fair Hydro Plan and Remote Rate Protection Payments to IESO
OPG Shares Acquired from the Fair Hydro Plan and Remote Rate Protection Payments to IESO
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Ontario Fair Hydro Plan First Nations ON-Reserve Delivery Payments to IESO
Ontario Fair Hydro Plan First Nations ON-Reserve Delivery Payments to IESO
Ontario Fair Hydro Plan First Nations ON-Reserve Delivery Payments to IESO
Ontario Fair Hydro Plan First Nations ON-Reserve Delivery Payments to IESO
Ontario Fair Hydro Plan First Nations ON-Reserve Delivery Payments to IESO
Ontario Fair Hydro Plan Distribution Rate Protection Payments to IESO
Ontario Fair Hydro Plan Distribution Rate Protection Payments to IESO
Ontario Fair Hydro Plan Distribution Rate Protection Payments to IESO
Ontario Fair Hydro Plan Distribution Rate Protection Payments to IESO
Ontario Fair Hydro Plan Distribution Rate Protection Payments to IESO
Ontario Clean Energy Benefit Payments to IESO
Ontario Clean Energy Benefit Payments to IESO
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Ontario Clean Energy Benefit Payments to IESO
Ontario Clean Energy Benefit Payments to IESO

Northern Industrial Electricity Rebate Payments to IESO

Northern Industrial Electricity Rebate Payments to IESO

Northern Industrial Electricity Rebate Payments to IESO
Loan to Stelco

Loan to Financial Services Regulatory Authority of Ontario

Loan to Financial Services Regulatory Authority of Ontario
Elections Ontario
Ontario Fair Hydro Plan First Nations ON-Reserve Delivery Payments, and RRRP to IESO
North Simcoe Muskoka LHIN
Loan to Stelco
Responsive Health Management - to fund payroll
Infrastructure Ontario
OFN Capital Wealth Fund GP Corp purchase of Hydro One shares
OFN Capital Wealth Fund GP Corp purchase of Hydro One shares

Loan to Financial Services Regulatory Authority of Ontario

Student Loans Program

From: Joe Liscio (MOF) []
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]
CC: Veinot, Cindy (TBS) [Cindy.Veinot@ontario.ca]; Gary Wuschnakowski (MOF) [Gary.Wuschnakowski@ontario.ca]; John Psinas [John.Psinas@ofina.on.ca]; Risa Thau [Risa.Thau@ofina.on.ca]; George Sakura [George.Sakura@ofina.on.ca]; Ingrid Vincent [Ingrid.Vincent@ofina.on.ca]; Jacky Oza (MOF) [Jacky.Oza@ontario.ca]
Subject: RE: Wire Payments out of IFIS
Date: Thursday, January 25, 2018 17:25:08

Thanks, Ken. We'll look into potentially new IFIS capability, and be in touch.
Joe

Sent with BlackBerry Work
(www.blackberry.com)

From: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Date: Thursday, Jan 25, 2018, 15:05
To: Liscio, Joe (TBS) <Joe.Liscio@ontario.ca<mailto:Joe.Liscio@ontario.ca>>
Cc: Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca<mailto:Cindy.Veinot@ontario.ca>>, Wuschnakowski, Gary (TBS) <Gary.Wuschnakowski@ontario.ca<mailto:Gary.Wuschnakowski@ontario.ca>>, John Psinas <John.Psinas@ofina.on.ca<mailto:John.Psinas@ofina.on.ca>>, Thau, Risa (OFA) <Risa.Thau@ofina.on.ca<mailto:Risa.Thau@ofina.on.ca>>, Sakura, George (OFA) <George.Sakura@ofina.on.ca<mailto:George.Sakura@ofina.on.ca>>, Vincent, Ingrid (OFA) <Ingrid.Vincent@ofina.on.ca<mailto:Ingrid.Vincent@ofina.on.ca>>
Subject: Wire Payments out of IFIS

Hi Joe

Happy new year, hope all is well.

I mentioned this to Cindy and she suggested that I raise it with you and Gary. As you are aware ministries approach the OFA when payments exceeding $99M have to be made. This limit is imposed by Payments Canada and is a reflection of the capacity of the rather old and creaky system over which EFT payments are made.

These payments run the gamut from social and health services to substantial completion payments for large AFP initiatives and most if not all of them fall outside the OFA's mandate which is limited to payments pertaining to the Province's debt, derivatives and IOD. Given our wire payments capacity, when requested we have always made these payments as opposed to the alternative of ministries splitting them into chunks that are less that the limit, if they intend to use IFIS. Splitting, in the past has led to errors and in any event is not a good accounting or internal control practice.

However, it is also not a good practice for the OFA to continue to make payments that are outside its mandate, especially when these payments are initially debited to an OFA account and subsequently journaled to the appropriate ministry.

Our understanding is that when IFIS was implemented well over a decade technological issues prevented the inclusion of a wire payment option. I suspect that these issues no longer exist, in any event, much appreciated if you can explore the possibility of implementing a wire payment option in IFIS so that all ministry payments are processed and recorded, as they should be, by the system of record of the OPS.

Happy to further discuss.

Thanks

Ken k

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: FW: Updated Incumbency Certificate
Date: Monday, September 17, 2018 11:37:06 AM

Hello Lisa,

Upon further reflection, I can see now that the additional information was only for my understanding.

Thanks,

Will

From: Lisa Stein
Sent: Monday, September 17, 2018 11:20 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will,

FYI - the first two sentences contained my analysis and were not intended for the IESO.

Lisa

From: William Tan
Sent: Monday, September 17, 2018 11:09 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Updated Incumbency Certificate

Hello Victor,

The Board Resolution in relation to the OFA credit facilities is redacted, as such the reference to "Credit Facilities" therein may not be general. In any event, it is appropriate that the COI refers to the two specific OFA agreements. The only comment is the reference to the 2017 FHP agreement could also state "as may be amended from time to time".

Also, there is no need for a new certificate in relation to the OEFC financings at this time.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will – I will have to defer to your group on the details relating to differences in documentation for the different financings. We have been using the forms of incumbency certificates OEFC/OFA gave to us for each of the financings (as this is a lender requirement).

The first two items on your list are the OEFC financings which were last renewed on May 1, 2017. These used a slightly different form of Incumbency Certificate than the one that I forwarded re the last two financings (i.e. the OFA financings). The certificate for the OEFC financings addressed the identity and authority of the authorized signatory only as of the date of execution of the May 2017 amending agreements. Separately, we also provided a certified Board resolution authorizing IESO's CFO to draw funds under the OEFC financings.

The form of certificate I forwarded for your review yesterday is the one OFA required in the past in connection with the two OFA financings only.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2018 1:28 PM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris
Subject: FW: Updated Incumbency Certificate

CAUTION: This email originated from outside of the organization. Exercise caution when clicking on links or opening attachments even if you recognize the sender.

Hello Victor,

May I provide final comments tomorrow? Lisa Stein is away until tomorrow. However, if this matter is urgent, I can call upon another contact.

In the interim, to my knowledge IESO has four agreements with OFA. The Incumbency Certificate only mentions two agreements. Unless of course you intended to provide signing authority to these two specific agreements only.

$120M Note, April 1, 1999
$160M Revolving Credit Facility, April 23, 2010
$2B Revolving Credit Facility, Nov 6, 2017

$475M Credit Agreement, Jan 1, 2005

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 10:12 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Updated Incumbency Certificate

Hi Will. In Olga's absence this week, I wanted to get the ball rolling on updating IESO's Incumbency Certificate re the OFA financings.

At the August meeting of our Board, Barb Anderson's position as VP and CFO was changed so that it is no longer "Interim". The change was made retroactive to July 9.

I have prepared a draft updated certificate based on the current certificate (see attached) and just wanted to confirm its form is acceptable to OFA prior to arranging for it to be executed.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From:	William Tan
To:	"Victor Buza"
Cc:	Olga Whiteley; Anthony Martinello; Sarah Harris; Lisa Stein
Subject:	FW: Updated Incumbency Certificate
Date:	Monday, September 17, 2018 11:09:11 AM

Hello Victor,

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Will

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Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
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Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2018 1:28 PM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris

Subject: FW: Updated Incumbency Certificate

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Thanks,

Will

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Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Updated Incumbency Certificate

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Thanks,
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Sarah Neville
Subject:	FW: Updated Incumbency Certificate
Date:	Wednesday, September 12, 2018 8:52:57 AM
Attachments:	Incumbency Certificate - re OFA FHP and 2005 Facilities - revised Sept 2....doc Certified IESO Brd Resol"n June 14_17 re Credit Facilities and Incumb Ce....pdf

Hello Lisa,

Would you be able to assist with this?
My comments are below. Victor indicated that his draft COI is consistent in format to the COI provided on November 6, 2017 and reviewed by us.
Attached is the draft Incumbency Certificate provided by Victor. I have included a copy of the Board Resolution from June 14, 2017 (that authorizes the CFO) and COI from November 6, 2017 of the same format as the draft.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Barbara Anderson has been duly appointed as Chief Financial Officer and Vice-President, Corporate Services of the IESO, and, as of July 9, 2018, holds such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, the Chief Financial Officer has the authority from time to time to draw upon (i) the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended, and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the 6th day of November, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Barbara Anderson _____

DATED this ____ day of _____, 2018.

_____

Michael Lyle
Vice-President – Legal Resources and
Corporate Governance,
Secretary and General Counsel

" Resolution of the Board of Directors
Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 million and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS ...[Recital redacted]...

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility ...**[Redacted]**... on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true, redacted copy of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
November 6th, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 6th day of November, 2017.

John Rattray
General Counsel, Secretary and Chief
Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 6th day of November, 2017.

K Marshall

Kimberly Marshall
Vice President, Corporate Services; Chief
Financial Officer and Treasurer

From: Lisa Stein
To: William Tan; Sarah Harris
Subject: FW: Updated Incumbency Certificate
Date: Monday, September 17, 2018 1:53:46 PM

I'm okay with leaving the language unchanged as per Victor's e-mail.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, September 17, 2018 12:25 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Thanks Will. I can confirm that the term "Credit Facilities" in the resolution refers to all of the credit facilities referenced in the resolution, including both OFA facilities.

Regarding the suggested adder ("as may be amended from time to time"), I would propose to leave the language as is. Firstly, for the sake of consistency. The reference in the Certificate to the 2005 agreement "as amended" is a reference to the fact that the 2005 agreement had already been amended numerous times – and was being amended one more time – at the time the Certificate was executed. On the other hand, the FHP loan had not been amended as of execution (this being the original loan), and it has yet to be amended as of today.

Second, if the FHP facility is amended in the future, this would likely be accompanied by a new Certificate in any case, at which time the wording can be amended to reflect the then applicable circumstances.

So for the above reasons, I propose to leave the language unchanged. Hopefully this makes sense.

Thanks,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 17, 2018 11:09 AM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris; Lisa Stein
Subject: FW: Updated Incumbency Certificate

CAUTION: This email originated from outside of the organization. Exercise caution when clicking on links or opening attachments even if you recognize the sender.

Hello Victor,

The Board Resolution in relation to the OFA credit facilities is redacted, as such the reference to "Credit Facilities" therein may not be general. In any event, it is appropriate that the COI refers to the two specific OFA agreements. The only comment is the reference to the 2017 FHP agreement

could also state “as may be amended from time to time”.

Also, there is no need for a new certificate in relation to the OEFC financings at this time.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will – I will have to defer to your group on the details relating to differences in documentation for the different financings. We have been using the forms of incumbency certificates OEFC/OFA gave to us for each of the financings (as this is a lender requirement).

The first two items on your list are the OEFC financings which were last renewed on May 1, 2017. These used a slightly different form of Incumbency Certificate than the one that I forwarded re the last two financings (i.e. the OFA financings). The certificate for the OEFC financings addressed the identity and authority of the authorized signatory only as of the date of execution of the May 2017 amending agreements. Separately, we also provided a certified Board resolution authorizing IESO’s CFO to draw funds under the OEFC financings.

The form of certificate I forwarded for your review yesterday is the one OFA required in the past in connection with the two OFA financings only.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2018 1:28 PM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris
Subject: FW: Updated Incumbency Certificate

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Hello Victor,

May I provide final comments tomorrow? Lisa Stein is away until tomorrow. However, if this matter is urgent, I can call upon another contact.

In the interim, to my knowledge IESO has four agreements with OFA. The Incumbency Certificate only mentions two agreements. Unless of course you intended to provide signing authority to these two specific agreements only.

$120M Note, April 1, 1999
$160M Revolving Credit Facility, April 23, 2010
$2B Revolving Credit Facility, Nov 6, 2017
$475M Credit Agreement, Jan 1, 2005

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 10:12 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Updated Incumbency Certificate

Hi Will. In Olga's absence this week, I wanted to get the ball rolling on updating IESO's Incumbency Certificate re the OFA financings.

At the August meeting of our Board, Barb Anderson's position as VP and CFO was changed so that it is no longer "Interim". The change was made retroactive to July 9.

I have prepared a draft updated certificate based on the current certificate (see attached) and just wanted to confirm its form is acceptable to OFA prior to arranging for it to be executed.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Sarah Neville
To: Caroline Swerdlyk
Cc: Lisa Stein
Subject: FW: Waiver - FHP Agreement, 5-day minimum period exception
Date: Wednesday, March 07, 2018 4:22:43 PM

Hi Caroline, will you be able to carry this forward next week. Lisa is doing a review of the agreement and can provide you with background and advice tomorrow.

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 4:18 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi Sarah N,

I think I will need resourcing next week. Caroline covered for Lisa last year on the FHP Agreement and is familiar with it.

Thanks,

Will

From: Sarah Neville
Sent: Wednesday, March 07, 2018 4:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi Lisa – As you are intimately familiar with these documents I am sending this your way.

Will, I note, both Lisa and I are going to be away until Mar 19, Lisa as of end of day tomorrow and me as of end of day Friday. If you think this will need resourcing next week please advise as soon as possible so that I can allocate to another lawyer.

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 3:58 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Waiver - FHP Agreement, 5-day minimum period exception

Hello Sarah N,

As an exception, IESO has requested OFA to waive the 5 day minimum repayment period for a 1 day repayment period. Carlos has indicated that this would occur infrequently. I am currently awaiting confirmation from Settlements and Cash Management if they have any concerns from an operational standpoint. IESO will have specific amounts/details this Friday. In the interim I will draft a waiver.
I will require assistance to review the waiver.Please advise who will be available to work with me on this waiver. Additional details are below.

Thanks,

Will

From: Carlos Yep
Sent: Wednesday, March 07, 2018 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Agreement, 5-day minimum period exception

Hi Will
The waiver for the 5 day minimum is expected to occur on an infrequent but periodic basis.
Regards
Carlos

From: William Tan
Sent: Wednesday, March 07, 2018 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Agreement, 5-day minimum period exception

Hello all,

IESO has asked OFA for a one-time exception to waive the minimum period for advances of 5 days (FHP Credit Facility Agreement). IESO has asked for an advance period of 1 day, so it may use money expected from OPG to repay its advance on the same day it matures.

IESO's current outstanding advance of $322M, matures on March 21, 2018. IESO will require an additional advance of $208M (to pay power generators) for a total of $530M, but will only require this for 1 day because IESO expects to receive funds from OPG to repay its advances on March 22. Rather than incurring additional interest costs of borrowing until March 26, 2018 (5 day minimum),

IESO would prefer to match the maturity of its advances and expected cash inflow from OPG.

Please let me know if your respective areas have any concerns or issues from an operational standpoint.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Lisa Stein
Subject:	FW: conference call re FHP Agreement
Date:	Friday, November 10, 2017 4:09:54 PM

From: William Tan
Sent: Tuesday, August 08, 2017 3:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

Hi Toby and Lisa,

Do you mind sharing with me the issues that are outstanding? (So I may take advantage of the time before the afternoon call. I want to avoid any new items that would push this back another day). Possibly one of these issues can be addressed immediately since Mike and Ken have already weigh-in?
To paraphrase Bruno, he is fine with Permitted Lien's in (k) but wanted Legal's opinion.

From: William Tan
Sent: Tuesday, August 08, 2017 3:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: conference call re FHP Agreement

Hello,

Is everyone available at 2pm tomorrow?

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, August 08, 2017 11:06 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: conference call re FHP Agreement

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From: William Tan
To: Lisa Stein
Subject: FW: fhp credit facility agreement execution version v3 blackline.docx
Date: Thursday, October 05, 2017 2:39:33 PM
Attachments: OFA IESO Amending Agreement No 10 - Execution Version v2.docx

---

Hello Lisa,

Please find the latest version of the Amending Agreement No. 10.

Thanks,

Will

From: William Tan
Sent: Thursday, October 05, 2017 2:23 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Lisa,

Sarah and I have no comments regarding the "Permitted Liens" changes.

From: Lisa Stein
Sent: Thursday, October 05, 2017 12:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Revised black-lined draft with change to "Permitted Liens" definition, as discussed.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   “**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “$975,000,000” and substituting “$475,000,000” therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   “**Continued Advance”** has the meaning specified in Section 3.3(1).

   “**Current Repayment Date**” has the meaning specified in Section 3.3(2).

   “**New Repayment Date**” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **“Grid Note”)**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

   (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

   (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

   (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

   (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Sarah Neville
Subject: FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date: Thursday, June 29, 2017 10:07:00 AM

DRAFT

As that new 2017 OIC is specific to the FHP, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Thanks,

Lisa

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,

354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).

Thanks,
Sarah

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Has anyone been able to confirm that there are no additional borrowing OICs since 2014? I've also copied Linda Smith in case she is aware.

Thank you,

Lisa

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:42 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.

Thank you,

Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>

Subject: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Michael and Mara,

Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.

I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Lisa Stein
To:	Sarah Harris; Sarah McGowan
Cc:	Michael Smith; Bonnie Zhang; Greg Moore; Salman Qadir
Subject:	FW: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:14:21 AM

Hi all,

As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?

The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

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Hi Michael and Mara,

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Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Fatima Husnain
To: Sarah Neville; Lisa Stein
Subject: Fair Hydro Act
Date: Thursday, July 06, 2017 10:16:55 AM

Hi Sarah and Lisa,

As a follow-up to the staff meeting. I am wondering if you would like to be write a summary of the Fair Hydro Act and its regulations. There's an article by Aird & Berlis that shows the regulations: http://www.lexology.com/library/detail.aspx?g=63efd19d-e433-471c-8a75-692cc61fee5b&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2017-07-06&utm_term=

I asked Caroline and she advised me to ask you two if it would be helpful as you may have files dealing with the Fair Hydro Act

Please let me know if this would be helpful for legal,
Fatima

From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Lisa Stein; Anthony Martinello
Subject:	Final Docs for FHP Credit Agreement and AA#10
Date:	Tuesday, September 12, 2017 3:58:48 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version.docx OFA IESO Amending Agreement No 10 - Execution Version.pdf IESO GRID NOTE - $475MM - Execution Version.docx IESO GRID NOTE - $475MM - Execution Version.pdf FHP credit facility agreement - Execution Version.docx FHP credit facility agreement - Execution Version.pdf IESO GRID NOTE - FHP - Execution Version.docx IESO GRID NOTE - FHP - Execution Version.pdf IESO Board Res"n Approval of Credit Facilities June 14 17 Certified Redacted.pdf Incumbency Certificate - re OFA FHP & AA#10 - Execution Version.pdf

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Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   “**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “$975,000,000” and substituting “$475,000,000” therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   “**Continued Advance”** has the meaning specified in Section 3.3(1).

   “**Current Repayment Date**” has the meaning specified in Section 3.3(2).

   “**New Repayment Date**” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **“Grid Note”)**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

   (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

   (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

   (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

   (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

   (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

   (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

   (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

   (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

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The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September___, 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September___, 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

" Resolution of the Board of Directors
Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 million and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …**[Recital redacted]…**

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility …**[Redacted]**… on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true, redacted copy of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
September _____, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of September, 2017.

_____
John Rattray
General Counsel, Secretary and Chief
Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of September, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief
Financial Officer and Treasurer

From: Lisa Stein
To: William Tan
Subject: Final FHP directives
Date: Thursday, August 03, 2017 12:27:36 PM

Hi Will,

Can you please send me electronic copies of the final executed versions of the IESO FHP directive and the IESO line of credit amending agreement directive? We will require final copies for the OFA Board.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Victor Buza
To:	John Kim
Cc:	Anthony Martinello; Michael Boll; Lisa Stein
Subject:	Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 4:20:17 PM

Hi John. We have had internal discussions following your and my conversation yesterday afternoon regarding the finalization of the two OFA/IESO credit agreements (Amending Agreement #10 to the existing credit agreement; and the new $2 billion credit agreement for implementing the Fair Hydro Plan).

As discussed, we need urgently to finalize these credit agreements in order to avoid a funding shortfall for IESO in November relating to implementing the FHP. There will not be sufficient room under the existing OFA credit agreement – with its commitment of $975 million – to fund the amounts required by IESO in this regard.

Given this urgent funding need, we propose that OFA and IESO finalize the current drafts of the credit agreements and have them executed by both parties no later than Wednesday, November 1 in order to ensure that funds will be available for drawing by IESO in November.

We recognize that the on-going discussions with the OPG Trust about a possible grant of security over IESO's assets in connection with implementing the Fair Hydro Plan may result in the need for further amendments to the OFA-IESO credit agreements. However, we propose to amend the agreements as needed once we actually know what, if anything, is required in this regard.

We would appreciate it is OFA could let us know if it agrees with the above approach by Thursday this week in order that we may each proceed to take the steps required to finalize and execute the agreements, and maintain the timely funding of IESO's needs.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From:	Caroline Swerdlyk
To:	Lisa Stein
Subject:	Fw: Draft Amending Agreement No. 10
Date:	Tuesday, September 05, 2017 5:10:49 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18 (Aug 31 marku.._ (002).docx

Hi Lisa - this is the last draft of Amending Agreement No. 10, that was sent to the IESO on Thursday.

Caroline

From: William Tan
Sent: August 31, 2017 4:33 PM
To: 'Anthony Martinello'; Victor Buza
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: Draft Amending Agreement No. 10

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

Ontario

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**~~"~~"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of~~ the IESO~~, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; ~~and~~ (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

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"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

~~1.~~2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42[**Insert amount outstanding as of date of execution**].~~

Commented [A1]: Moved to the end to allow schedule references to remain consistent with Credit Agreement

~~3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.~~

3. The following definitions are added to Section 1.1 of the Agreement

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest

for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A2]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, ~~_____~~Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED FORM OF GRID NOTE~~ FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [A3]: Changed "aggregate" to "principal". This is the only substantive change to this form.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

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Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	**Principal Advanced or Rollover Amount**	**Interest Rate**	**Repayment Date**	**Total No. Of Days**	**Interest Amount**	**Actual Repayment**	**Principal**	**Interest**	**Actual Repayment Date**	**Actual No. Of Days**

~~**[NTD – TO BE UPDATED AT EXECUTION]**~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	Fwd: IESO $2B and $475M Credit Facilities
Date:	Friday, May 18, 2018 11:02:48 AM
Attachments:	SAMF170118051810190.pdf ATT00001.htm SAMF170118051810200.pdf ATT00002.htm

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Hello Lisa,

Olga (IESO) provided the borrowing notices with signature under company seal. Do you mind reviewing the attached and commenting if you have any concerns?

Thanks,

Will

Sent from my iPhone

Begin forwarded message:

> **From:** "Olga Whiteley" <Olga.Whiteley@ieso.ca>
> **To:** "William Tan" <William.Tan@ofina.on.ca>, "Sarah Harris" <Sarah.Harris@ofina.on.ca>
> **Cc:** "Anthony Martinello" <Anthony.Martinello@ieso.ca>, "Victor Buza" <Victor.Buza@ieso.ca>
> **Subject: RE: IESO $2B and $475M Credit Facilities**
>
> Hello Will and Sarah,
> Please see attached borrowing notices with IESO's corporate seal applied to Peter Gregg's signature (CEO). I will forward the originals to you on Monday.
> Thank you very much for your help with all this.
> Regards.
>
> **Olga Whiteley** | Treasury and Pension Operations
> Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
> Station A, Box 4474, Toronto, ON M5W 4E5
> Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca
>
> ---
>
> **From:** William Tan [mailto:William.Tan@ofina.on.ca]
> **Sent:** May 17, 2018 3:54 PM
> **To:** Anthony Martinello; Olga Whiteley
> **Cc:** Sarah Harris
> **Subject:** RE: IESO $2B and $475M Credit Facilities
>
> Hello Anthony and Olga,
>
> I apologise for the multiple emails. I have additional solutions as I am having a fluid

conversation with my legal department.

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO CEO.
5. A certificate from the IESO Corporate Secretary stating that the IESO CEO has signing authority.
6. A signature under seal of the corporation.

Thanks,

Will

From: William Tan
Sent: Thursday, May 17, 2018 3:27 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Anthony,

Can you please request the following documents from your legal department:

1. a delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories); and/or,
2. a general signing authority resolution of the IESO Board of Directors

Thank you,

Will

From: William Tan
Sent: Thursday, May 17, 2018 2:10 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Anthony,

Unfortunately the documents required are key documents. Could you please check on the status of the documents? I will seek any possible solutions from my end.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 17, 2018 6:34 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Will,
I have requested our legal group to address your request and prepare an updated cert….it is pending.
I'm not sure this cert will be ready by today or tomorrow…let me know if this is a problem.
As for the IESO CEO signing the draw, the resolution you already have notes that the CFO delegate can sign and thus the IESO CEO (CFO's boss) is now signing the draws.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 10, 2018 3:12 PM
To: Anthony Martinello
Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Anthony,

As per our earlier conversation, we would require updated signing authority documents.

Please provide the following:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
2. Updated Incumbency Certificate.

Attached is an example of the documents.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 10, 2018 11:47 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO $2B and $475M Credit Facilities

Hi,

The IESO's CFO, Kim Marshall, is no longer with the IESO effective May-1-2018.

We are actively recruiting for a CFO, but no CFO and no acting CFO is yet named……the new CFO is not expected to be in place until July 2018.

For the $2B and $475MM facilities, we will be drawing on these next week……..are you ok if I sign the OFA notices or do you require the IESO CEO (remember no CFO is present).

Please advise.

Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
ELECTION NOTICE

May 16, 2018

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Delivered Via Email: CASHP@ofina.on.ca

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated November 21, 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is **May 18, 2018**.
(b) The aggregate amount of the proposed Continued Advance is **$852,203.09**, which is comprised of:
    i. principal amount of Advance which is to be continued **$852,203.09**; and
    ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date **$0.00**;
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): **$0.00**;
(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is **June 20, 2018**. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

IESO confirms it will also be paying interest in the amount of **$993.69**.

Such election shall be confirmed by IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: **$255,748,186.14**

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: **$256,600,389.23**

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): **This transaction relates to the Fair Hydro Program**.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Peter Gregg
President & CEO

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10
ELECTION NOTICE

May 16, 2018

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Delivered Via Email: CASHP@ofina.on.ca

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is **May 18, 2018**;
(b) The aggregate amount of the proposed Continued Advance is **$14,118,028.50**, which is comprised of:
   i. principal amount of Advance which is to be continued **$14,118,028.50**; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date **$0.00**;
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): **$0.00**;
(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is **June 20, 2018**. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance].

IESO confirms it will also be paying interest in the amount of **$16,462.01**.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: **$838,764.93**

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: **$14,956,793.43**

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): **This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.**

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Peter Gregg
President & CEO

From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Jean-Francois Beaupre
Subject:	Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, November 30, 2017 12:04:33 PM
Attachments:	$160M revolving credit - amending agreement no.7 Nov29 IESO Legal Comments.docx ATT00001.htm $120M Note - amending agreement no.7 Nov29 IESO incl Legal Comments.docx ATT00002.htm

---

Hi Ryan,

Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?

Thank you

Lisa

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
> Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
>
> The main adders that I have included track the language in the recently executed FHP Credit Facility.
>
> Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)
>
> We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the

IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to ~~now~~ amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph ~~subsection~~

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~~1.1~~(j); deleting~~replacing~~ the "." at the end of paragraph~~subsection (1.1~~ (k) and replacing it with "; and"; and adding the following new paragraph ~~subsection 1.1~~(l):

(l) any~~Any~~ Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

(4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

~~4.~~5. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under OFHP shall be deemed not to be a material adverse change for the purposes of this section; and

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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Commented [RB1]: See Amending Agreement No.6 dated April 1, 2017. The amendment to paragraph 3.6(c) at that time referenced "Ontario's Fair Hydro Plan". Since the Ontario Fair Hydro Plan Act, 2017 has since come into force on June 1, 2017 it is appropriate to update this paragraph with reference to the Act.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the [DATE], 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to ~~now~~ amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph~~subsection 1.1~~ (j); deleting~~replacing~~ the "." at the end of paragraph ~~subsection (1.1~~ (k) and replacing it with "; and"; and adding the following new paragraph ~~subsection 1.1~~(l):

   (l) any~~Any~~ Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without

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limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Jean-Francois Beaupre
Subject:	Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, November 30, 2017 10:57:38 AM
Attachments:	$160M revolving credit - amending agreement no.7 Nov29 IESO Legal Comments.docx ATT00001.htm $120M Note - amending agreement no.7 Nov29 IESO incl Legal Comments.docx ATT00002.htm

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Hi Ryan,

I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?

Thank you,

Sent from my iPhone

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> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
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> Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

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Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Subject: IESO - OEFC Nov 7

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"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any

amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to ~~now~~ amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph ~~subsection~~

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~~1.1~~(j); deleting~~replacing~~ the "." at the end of paragraph~~subsection (1.1~~ (k) and replacing it with "; and"; and adding the following new paragraph ~~subsection 1.1~~(l):

(l) any~~Any~~ Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

(4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

~~4.~~5. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under OFHP shall be deemed not to be a material adverse change for the purposes of this section; and

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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Commented [RB1]: See Amending Agreement No.6 dated April 1, 2017. The amendment to paragraph 3.6(c) at that time referenced "Ontario's Fair Hydro Plan". Since the Ontario Fair Hydro Plan Act, 2017 has since come into force on June 1, 2017 it is appropriate to update this paragraph with reference to the Act.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the [DATE], 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to ~~now~~ amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph~~subsection 1.1~~ (j); deleting~~replacing~~ the "." at the end of paragraph ~~subsection (1.1~~ (k) and replacing it with "; and"; and adding the following new paragraph ~~subsection 1.1~~(l):

   (l) any~~Any~~ Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without

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limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 2:29:37 PM
Attachments: image004.png
image005.png
image006.png
image007.png

Hi Toby,

If you have time this afternoon, I would appreciate your view on the proposed amendment below to a credit agreement between OEFC and the IESO in relation to the FHP. The purpose is to bring these provisions in line with the OFA IESO FHP credit facility agreement, which we have previously discussed.

Thank you,

Lisa

Sent from my iPhone

Begin forwarded message:

From: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Date: November 30, 2017 at 1:08:55 PM EST
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Lisa,

For the $160 revolving credit facility:

<!--[if !supportLists]-->2. <!--[endif]-->Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

(4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

Section 3.2(4):

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

From: Ryan Blackbyrne
Sent: Thursday, November 30, 2017 1:06 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Lisa,

For the $120M Note:

. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

In the Original agreement Subsection 2.2(2):

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I've just sent you an email regarding the additional deletion.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 12:01 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"
>
> In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..
>
> Thank You,
> Ryan

> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 11:50 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> Please see questions from my earlier email. Was there another deletion?
>
> Thank you,
>
> Lisa
>
> Sent from my iPhone
>
> On Nov 30, 2017, at 11:33 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:
>
> > Hi Lisa,
> >
> > I spoke to JF and we are fine with moving forward with deleting this paragraph. We understand it's a business decision.
> >
> > Did you have any other concerns with either note?

Thanks,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:28 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
>
> From Victor Buza's email:
>
> "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)"
> <image001.png>
>
> <image002.png>
> <image003.png>
>
> Thanks,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 10:58 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?
>
> Thank you,
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Victor Buza <Victor.Buza@ieso.ca>
> > **Date:** November 29, 2017 at 6:49:40 PM EST
> > **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> > **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> > **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
> >
> > Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
> >
> > The main adders that I have included track the language in the recently executed FHP Credit Facility.
> >
> > Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)
> >
> > We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.
> >
> > Regards,
> > Victor
> >
> > **Victor Buza** | Senior Counsel
> > Independent Electricity System Operator (IESO) | T: 416-969-6079
> > 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
> > Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: John Kim
To: Sarah Neville; Lisa Stein
Subject: Fwd: IESO Credit Facility and Intercept Provision Exemption
Date: Tuesday, September 19, 2017 10:08:26 AM

Sent from my iPhone

Begin forwarded message:

> **From:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Date:** September 19, 2017 at 8:45:25 AM EDT
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>
> **Subject: RE: IESO Credit Facility and Intercept Provision Exemption**
>
> Hi Gadi,
>
> We'll follow up with Energy and OFA Legal on that path. John had had previous discussions with OFA Legal, so we'll communicate to them the proposed path too.
>
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** September-18-17 11:28 PM
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Subject:** Re: IESO Credit Facility and Intercept Provision Exemption
>
> I like the proposed path in the last paragraph of your email, Ron. Let's see if we can make that work.
>
> Gadi
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Monday, September 18, 2017 5:38:02 PM
> **To:** Anna Strathy; Ken Kandeepan
> **Cc:** Gadi Mayman
> **Subject:** RE: IESO Credit Facility and Intercept Provision Exemption
>
> Hi Anna,
>
> We'll look into this. Note that it would not be just IESO's agreement required.

The OFA lending policy on intercepts also involves the oversight ministry of an agency:

> …prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

In that context of going forward and including an intercept provision in the credit facility, Energy would need to provide such agreement (this is from last month`s discussions by staff with OFA Legal). Note that we have not discussed this with Energy at this point. There may be some challenges to expeditiously have Energy provide written agreement in this regard, noting that IESO will be wanting the facility in place soon.

As an aside, we had asked TBS staff in August to confirm our understanding that at this point there are no such moneys appropriated by the Legislature for payment to the IESO, but we'd want to confirm that more formally under this option of proceeding.

Perhaps an option could be that Energy might simply confirm that there are no such amounts appropriated (currently, though the question of the future could arise), or come to an internal agreement that since there are no amounts to intercept, that Energy does not need to agree to an intercept -- and see if folks are comfortable moving forward on that basis – to include an intercept provision now, which would have no practical effect, and move forward in the near term with a general amendment to the OFA lending policy that would provide for no intercept clause in the case of loans / credit facilities to public bodies that have no appropriated amounts to intercept.

Ron

From: Anna Strathy
Sent: September-18-17 14:40
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Subject: RE: IESO Credit Facility and Intercept Provision Exemption

Hi Ken, Ron,

I spoke to Gadi and it sounds like the Deputy's preference would be to add the

intercept provision to the agreement with IESO (explaining to them that it is required under our Lending Policy, but would not actually apply in this case) and therefore not have to seek an exemption from the Minister nor have to involve the Board in a change to our Lending Policy.

Would IESO be amenable to this?

Anna

From: Anna Strathy
Sent: Monday, September 18, 2017 11:02 AM
To: Gadi Mayman <Gadi.Mayman@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: IESO Credit Facility and Intercept Provision Exemption

Thanks, Ron.

Gadi – in a separate email chain, Ken provided his concurrence: that not obtaining the Minister's exemption should have no impact on IESO's accounting; however it would be inconsistent with a requirement in the OFA's Lending Policy.

Ron/Ken, could you circle back with Legal and make the suggestion of an amendment to the OFA Lending Policy?

Thanks, Anna

From: Ronald Kwan
Sent: Monday, September 18, 2017 10:53 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Re: IESO Credit Facility and Intercept Provision Exemption

Hi Anna,

The intercept issue is not an IESO accounting issue, but an OFA lending policy interpretation issue.

As such, I would think of the first step is more an internal to the OFA one, on getting approval/direction to move forward to provide a facility to the IESO without the "security" of an intercept clause envisaged in a plain reading of the OFA lending policy. I think if the Chair and CEO are fine with seeing the OFA

lending policy as at most a wording issue and not a non-compliance issue -- i.e., that in effect an intercept is only required when there is an amount to intercept -- then we can move forward on providing a credit facility without an intercept on that basis.

We'd need to respond that way to Legal, as it has been Legal's advice on the issue of compliance with the policy that has led to the exemption request and not have to check a non-compliance box in the quarterly compliance checklist.

If we move forward on that basis, the next time the lending policy is amended, the wording could then be clarified that an intercept is required only where applicable. The Board may ask about the "security" issue too, at that time.

If IESO has the credit facility, then it can finance the GA deferrals until OPG's financing entity purchases the regulatory asset, which I would think is the key accounting issue for the IESO. Whether it needs the larger facility right now is more of a timing issue. This monthly settlement, they are likely to take their total draw so far to over $600 million of the existing $975 facility, so could draw for another month or so before running out of room.

Ron

On Sep 18, 2017, at 10:10 AM, Anna Strathy <Anna.Strathy@ofina.on.ca> wrote:

> Hi Ron,
>
> The Deputy spoke to Gadi this morning about the intercept, and he remains uncomfortable seeking the Minister's exemption for something that is ultimately moot.
>
> If we did not seek an exemption, would there be any impact to IESO's accounting?
>
> Anna
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Friday, September 15, 2017 1:57 PM
> **To:** Gadi Mayman <Gadi.Mayman@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** IESO Credit Facility and Intercept Provision Exemption
>
> Hi Gadi,
>
> Just a heads up, in case you had not heard, that the Deputy is, understandably, raising questions on getting a Minister's exemption

from the OFA's public bodies lending policy requiring an intercept provision for the IESO facility, since there is no transfer amount to intercept in this case.

You may recall that OFA Legal had identified this issue in the summer, after the Minister's directive was provided on the IESO facility. It was identified as Legal was drawing up the credit facility documents, and they raised the issue on compliance with the lending policy, and in the context of attestations and scrutiny on compliance issues.

While it was raised at the time that an intercept provision would be moot in this case, we moved forward to seek a Minister's exemption from that part of the lending policy, as provided for under the policy.

Just as a reminder, attached are the related materials.

Happy to discuss.

Ron

From:	Sarah Harris
To:	John Kim
Cc:	William Tan; Lisa Stein; Opal Kandelas; Gavin He
Subject:	Fwd: IESO / OEFC - $120MM and $160MM
Date:	Sunday, November 05, 2017 12:06:54 PM

Hi John,

We've received no internal direction on the nature of changes IESO is looking for in relation to existing OEFC credit facility with the IESO and the FHP. I surmise it may have to do with adjusting the agreement to allow FHP permitted liens (which we would need internal approval to do) or similar changes, but do you know if IESO communicated requirements to Gadi or Ron?

Thanks,
Sarah
Sent from my iPhone

Begin forwarded message:

> **From:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Date:** November 5, 2017 at 11:02:50 AM EST
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
> **Subject: RE: IESO / OEFC - $120MM and $160MM**
>
> Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.
>
> Regards.
>
> ---
>
> **From:** Anthony Martinello
> **Sent:** November 01, 2017 12:56 PM
> **To:** 'William Tan'
> **Cc:** 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
> **Subject:** IESO / OEFC - $120MM and $160MM
>
> Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.
>
> Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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From: Sarah Harris
To: Lisa Stein
Subject: Fwd: Subcategory allocation breakdown under $475M Credit Facility and $2B Credit Facility
Date: Monday, October 30, 2017 3:55:49 PM

Sent from my iPhone

Begin forwarded message:

From: William Tan <William.Tan@ofina.on.ca>
Date: October 30, 2017 at 12:50:00 PM EDT
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Subcategory allocation breakdown under $475M Credit Facility and $2B Credit Facility

Hi Sarah,

I asked Anthony to provide the subcategory account names/program names and allocation amounts under the $475M Credit Facility and $2B Credit Facility so that we may set these up on the loan system.
According to Anthony he wish arrange the facilities as follows:

$475
RRRP (Rural or Remote Electricity Rate Protection Variance)
$15+5

FHP
RPP (Regulated Price Plan Variance)
$825+$225

The additional balances (+) are for the new advances. He does not know the names of the subcategories yet or the amount allocations/limit to dedicate to the subcategories. He will provide us with these details in the form of a Borrowing Notice at the time for advancements.

Let me know if you require more details.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From:	Salman Qadir
To:	Lisa Stein
Cc:	Sarah Harris; Bruno Amara
Subject:	IESO $2B Credit Facility - Minister"s Directive
Date:	Thursday, June 29, 2017 2:48:15 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf

Hi Lisa,

The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?

Thank you again for your help with this,
Salman

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From:	Anthony Martinello
To:	William Tan
Cc:	John Kim; Tobias P. Whitfield (MOF); Lisa Stein; Victor Buza; Sarah Harris
Subject:	IESO -> timeline of new facilities and draws
Date:	Wednesday, November 01, 2017 10:24:26 PM
Importance:	High

As discussed with Will, below is a detailed timeline with actual amounts of upcoming IESO-OFA credit events for your review.

This week:

- MOE, OFA, IESO to sign Intercept Letter;
- Sign $2billion fair hydro credit facility;
- Sign amendment #10 to reduce existing $975million facility to $475million facility effective Nov 21;

Nov 17

- $975MM facility: IESO to file Election Notice to rollover $10,649,081.37 + estimated new advance $2 million -> re: RRRP program
- $975MM facility: IESO to file Election Notice to rollover $825,639,102.00 + estimate new advance $225 million -> re: fair hydro (aka RPP) program

Nov 21

- OFA to deposit new advance monies into IESO bank account;
- IESO to pay interest amounts to OFA for both RRRP and fair hydro outstanding amounts (re: interest for Oct 20 to Nov 21 period)
- IESO to sign new grid note payable for $475million and send to OFA;
- OFA to cancel and send to IESO the $975million grid note payable;
- OFA to send via email updated grids reflecting:
    - $475MM facility, RRRP to show new increased liability amount;
    - $975MM facility, fair hydro -> to show zero balance owing ;
    - $2B facility, fair hydro -> to show new fair hydro (RPP) balance;

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: November 01, 2017 2:07 PM
To: Victor Buza
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); Lisa Stein; William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hello Victor,

Lisa is in a meeting until 3 p.m.., so I am forwarding our comments on the FHP agreement on her

behalf.

We have made a minor change to section 3.2(3) - specifically, we deleted the language "and shall also be noted in the grid of the Grid Note" following "The amount of the Repayment Amount shall be detailed in the Borrowing Notice." This is because the Repayment Amount ($825M) is not the first entry on the FHP Grid; the first entry will be for the entire advance of approximately $1B ($825M + new funds). Anthony and Will just had a call to discuss the particulars of what the various grid notes under the existing facility and new facility will be on November 21st (including partial repayment of the outstanding $840M loan) and Anthony will be circulating an e-mail summarizing that conversation. The Effective Date of the amending agreement to reduce the existing facility will also be November 21st, not November 22nd.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….". It looks, in practice, that the intercept letter will be executed prior to these two facility agreements, so we surmise this would not be an issue.

We received your most recent draft of the amending agreement. Lisa will be able to review once she is out of her meeting, after 3 p.m.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From:	Sarah Harris
To:	Lisa Stein; Salman Qadir; Kelly Listoe
Cc:	Shajee Kathirgamanathan
Subject:	IESO Concern re: "Market Renewals Program
Date:	Wednesday, April 26, 2017 11:02:02 AM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc
Importance:	High

Hello All,

Lisa and I discussed a concern expressed by IESO's counsel yesterday regarding the reference of "costs related to the market renewals" program in the second recital of the attached amending agreement.

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* **and costs related to the market renewals program**;

The wording of the Directive states,

> It is now desirable to increase the Line of Credit to a principal amount of up to C$160 million to provide temporary funding for IESO corporate requirements and costs related to the market renewals program, and to extend the mandatory repayment date

IESO in the draft amending agreement defines "IESO Corporate Requirements" to mean any borrowing authorized by O. Reg. 280/14. IESO's counsel has stated that the market renewals program requirements would be authorized under O. Reg 280/14.

We would propose changing the second recital to incorporate 'market renewal program' under IESO Corporate Requirements, such that the second recital would read:

> ***AND WHEREAS*** *IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein)* ~~and costs related to the market renewals program~~;

SALMAN: Is there any reason this **cannot** be done? i.e. was there a specific reason for singling out "costs related to the market renewals program" in the Directive? As a note, IESO's counsel asked to see the Directive. I am unsure whether in drafting the directive, if they ever would have gotten a copy, or if they typically would?

Lisa has schedule a meeting a 1 p.m. to discuss this. Lisa, since this seems to be the only outstanding issue (we are fine with the suggestions discussed on the other draft), that it may only be necessary for you and Salman to let us know if the proposed solution above is acceptable. We are available to discuss if I have not reflected the issue accurately.

Thanks,
Sarah

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN ~~$110 million~~$95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ ~~temporary~~ funding for IESO Corporate Requirements (as defined herein) ~~; and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate~~Corporation~~ Requirements" means ~~short-term liquidity and~~any borrowing ~~general corporate~~ purposes authorized by O. Reg. 280/14 made under the

Commented [LS1]: NTD: Okay, As per discussion with Salman, the fact that this is a revolving line of credit implies it is "temporary" and therefore not off-side the Directive. The word "temporary" in the Directive was not intended to apply to the "costs related to the market renewals program" as these are likely to be capital costs.

Commented [LS2]: This is used throughout. I recommend defining throughout and using defined term throughout. Speak to to IESO regarding this definition.

Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

~~vi)~~vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.~~the following purposes for which it is authorized by regulation to borrow funds:~~

~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

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Commented [LS3]: Is this referring to Ontario's Fair Hydro Plan, as referred to below? If so, as per my comment below, I recommend defining this term and using it here as well.

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Commented [LS4]: Kelly please review definition of IESO Corporate Requirements and confirm this is correct and covers the uses previously contemplated in the draft for this section

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~~5.~~6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change ~~in the financial condition of the IESO~~for the purposes of this Section; and

7. The Form of Borrowing Notice ~~as set out in Amendment No.5 to the Agreement~~ is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1. ~~be amended to delete the paragraph headed "Use of Funds" and replace it with the following:~~

~~**Use of Funds**~~

~~The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.~~

~~(c)~~

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Commented [LS5]: This should be defined; please add definition above

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Commented [LS6]: I recommend deleting borrowing notice and replacing it with revised borrowing notice containing amendment, attached as a Schedule to this amending agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record

on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: John Kim
To: Lisa Stein; Sarah Neville
Subject: IESO Credit Facility
Date: Tuesday, September 19, 2017 9:21:09 AM

Hi Lisa, Sarah,

Could we have a quick chat about the requested IESO credit facility and the OFA Lending Policy? Could you let me know when you are free? The earlier the better pls.

Thanks,

John

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

From:	Lisa Stein
To:	Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, June 13, 2017 4:01:16 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx IESO_OFA Amendment No 10-revOFA legal.docx

---

Please see attached draft directive and amending agreement #10 re: decreasing line of credit. Please let me know if you would like to discuss further.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator (the "IESO"). Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

Commented [LS1]: Program area to confirm

It is now desirable to agree to the IESO's request to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "Amending **Agreement**") is made as of the (·) day of (·), 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No.9), the OPA and the OFA amended the Original Agreement (as so amended, the "~~**Amended** **Credit** **Agreement**~~");

AND WHEREAS pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975 million and the OPA issued a grid note dated [INSERT] to the OFA for a principal amount of up to $975 million (the "Grid Note");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated c~~C~~orporation;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the ~~grid note~~credit operating facility is CDN $(·);

AND WHEREAS the IESO and the OFA have now agreed to decrease the ~~operating~~ total principal amount of the ~~credit~~operating facility ~~by CDN $500,000,000, from a principal amount of up to~~ CDN $975,000,000 to a principal amount of up to ~~CDN~~ $475 million;~~,000,000~~.

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledge, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

Commented [A1]: Existing Balance to be confirmed with Cash Management.

Commented [A2]: Lisa, would you like a recital to the effect that the original credit facility was for $500M, that is was increased to $975M (amending agreement #3)?

Commented [A3]: Yes, in this case the amount of the facility is relevant

2. ~~Schedule 3 of the Agreement, IESO Grid Note, is deleted and replaced by the IESO Grid Note attached hereto as Schedule 3.~~On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of ~~up~~ to $475,000 substantially in the form of the grid note attached hereto and~~. And~~ indicating a total principal amount of advances outstanding to date of $XXXXX.

~~2.~~3. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing ~~grid promissory note~~gGrid n~~N~~ote to the IESO.

IN ALL OTHER RESPECTS, the ~~said~~ Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A4]: Lisa, IESO Grid Note is not currently a defined term. Does this need to be a defined term?

Commented [A5]: Not here, as this is the title of the Schedule itself

Commented [A6]: New form of Grid Note must be attached

Commented [A7]: Insert amount once determined

Formatted: Highlight

IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~Company~~**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the ~~Company~~ IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

From:	Lisa Stein
To:	Kenneth Russell
Subject:	IESO DIRECTIVE decrease line of credit.docx
Date:	Tuesday, June 13, 2017 2:45:12 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx

For our discussion this afternoon.

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

Whereas:

Pursuant to a directive dated December 22, 2004 the Minister of Finance approved and directed the Ontario Financing Authority ("OFA") to make loans (the "Loans") to the Ontario Power Authority ("OPA") from time to time, as considered necessary by the OPA to meet its purposes, up to the maximum aggregate amount of $500 million, and to enter into a revolving credit facility agreement setting out the terms of the Loans (the "Credit Agreement").

Pursuant to a further directive dated October 3, 2005 the Minister of Finance approved and directed the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator. Under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation.

It is now desirable to decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017.*

Commented [LS1]: Program area to confirm

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million.

Dated , 2017

_____

Charles Sousa

Minister of Finance

From:	Lisa Stein
To:	Bruno Amara
Subject:	IESO DIRECTIVE decrease line of credit.docx
Date:	Thursday, August 03, 2017 1:20:28 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx
Importance:	High

Hi Bruno,

Was the attached directive ever finalized/executed? If so, can you please send me the final executed version?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	Sarah Neville
To:	William Tan; Sarah Harris; Gavin He; Shajee Kathirgamanathan
Cc:	Lisa Stein
Subject:	IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 2:14:37 PM
Attachments:	IESO DIRECTIVE decrease line of credit.docx

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act.
O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: ONTARIO FINANCING AUTHORITY

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the OPA Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

Commented [SN1]: Note – I tracked this language from the directive dated Nov 28/2016. I have not been provided with copies of these directives. Could someone confirm that this is accurate.

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA became obligations of the New IESO;

AND WHEREAS pursuant to a further directive dated November 28, 2016 (the "IESO Directive"), the Minister of Finance approved and directed the OFA to, among other things, provide that the proceeds of the Loans may be used only for liquidity purposes;

AND WHEREAS the terms and conditions governing the Advances are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Credit Agreement");

AND WHEREAS, the IESO has requested that that the OFA decrease the maximum aggregate amount of the Advances from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017* and clarify the use of proceeds of the Advances;

Therefore:

Pursuant to sub-section 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- amend the Credit Agreement to decrease the maximum aggregate amount of the Loans from $975 million to $475 million; and

DRAFT

- amend the Credit Agreement to provide that the proceeds of Advances shall be used by the IESO for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives and the IESO Directive.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; Sarah Neville; Sarah Harris; William Tan
Subject:	IESO Directive and Credit Facility
Date:	Tuesday, June 06, 2017 3:39:09 PM
Attachments:	1 - CIPA - OIC s22 - OFA_FHP - LRC Approval Form (MOF Legal Comments)_CEFD_v3_Clean.docx 4 - CIPA OIC s.22 May 2017 (v.3) - ENG and FRE (002).docx IESO_OFA FHP 2017 Credit Letter - SIGNED.docx 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v1.docx

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Hi Lisa/all,

I thought I'd take this time to send around some background information that you may or may not have – just to ensure we're working from the same documents for reference.

Please see attached:

1) LRC Approval Form: Some background notes on the OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
2) Proposed OIC: OIC being recommended for approval for the June 27, 2017 LRC/Cabinet date.
3) Request Letter from IESO outlined some of the key terms of the proposed agreement. OFA agrees with the request.
4) To help facilitate, I used an older directive (Algonquin College from 2011), did a new version for this agreement. Defer to Lisa on the language though.

Timing:

- Unless otherwise instructed, we are looking to have the agreement in place for July 1, 2017 (business day: July 3, 2017).
- We're hoping that we can finalize the directive by next week. Both the agreement and the directive are expected to be worked on simultaneously.
- We should aim to get a first draft agreement to IESO as soon as we can as well.
- OIC should be in approved for Tuesday, June 27, 2017.

As I type this, I do not think we can have the directive signed before the OIC is approved since the directive makes reference to the OIC. Any thoughts on this are welcome.

Happy to discuss further once you have reviewed, as needed.

Thank you,
Salman

LEGISLATION AND REGULATIONS COMMITTEE:
MINISTRY APPROVAL FORM

LRC Tracking #: OICNA-13188
EVista Tracking #: SUB-NAOIC-2017-01004

Ministry of Finance

Capital Investment Plan Act

Order in Council

Profile at a Glance

Priority: Consequential to Commitment
Public Interest: Low
Key Stakeholder Interest: Very high
New Costs/Burdens: Yes for Government
New Savings/Opportunities: Yes for Government

Proposed Items for Review

1. Approval of Order in Council ("OIC") under section 22 of the *Capital Investment Plan Act, 1993 ("CIPA"),* authorizing the Minister of Finance to make a loan to the Ontario Financing Authority ("OFA").

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy		
TB/MBC	LRC, June 27, 2017	June 27, 2017

Deputy Minister _____ Date _____

Minister _____ Date _____

s. 1 Proposal and Context

- Approval is being sought for an OIC under section 22 of *Capital Investment Plan Act, 1993* ("CIPA"), which will authorize the Minister of Finance to provide loan(s) to the Ontario Financing Authority ("OFA") in an amount of up to $2.0 billion. Under the proposed OIC, repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047.

- Subsection 22(1) of CIPA authorizes the Minister of Finance to make loans to the OFA in the amounts, times and on the terms and conditions authorized by Lieutenant Governor in Council ("LGIC"). Subsection 22(2) provides a statutory appropriation for loans made by the Minister to the OFA under subsection 22(1).

- Existing OICs authorize the Minister of Finance to provide loans to the OFA, and in turn the OFA has provided loans and credit facilities to colleges, school boards and other public bodies such as Infrastructure Ontario, IESO, Ontario Lottery and Gaming Corporation and Liquor Control Board of Ontario.

- This proposed OIC is required to increase the authority of the Minister of Finance to lend to the OFA which will provide the OFA with the capacity to provide additional loans to the Independent Electricity System Operator ("IESO").
    - This will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.
    - The timing of this OIC is critical to ensure that borrowing authority for the OFA is available to provide the IESO its requested financing arrangements under the *Ontario Fair Hydro Plan Act, 2017.*

s. 2 Approach and Intended Outcomes

- Under CIPA, the OFA provides financing to public bodies as directed by the Minister of Finance. The OFA obtains the funds it needs for its lending program by borrowing from the Province. This OIC would authorize the Minister of Finance under section 22 of CIPA to provide additional loans to the OFA.

- As per subsection 3(1) of CIPA, the Minister of Finance is responsible for the administration of CIPA with respect to the OFA.

- This proposed OIC is required to assist in fulfilling the commitments under the *Ontario Fair Hydro Plan Act, 2017.*

- It is expected that as part of the implementation, the Minister of Finance will direct the OFA to provide a revolving credit facility for short term financing related to the *Ontario Fair Hydro Plan Act, 2017*. In particular, the OFA would be directed to provide a credit facility to the Independent Electricity System Operator ("IESO"). The IESO is a public body for the purposes of CIPA.

- Under the *Ontario Fair Hydro Plan Act, 2017,* the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment charge to ratepayers will be deferred to the future. During this period, Global Adjustment amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The *Ontario Fair Hydro Plan Act, 2017* gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset to a financing entity.
    - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
    - The cash received from selling the regulatory asset will be used by the IESO to fund the current Global Adjustment shortfall.

- There is expected to be initial and potential ongoing IESO cash flow requirement timing differences. The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation). Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO. Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

- As a result, IESO requires short-term financing to be in place for initial and expected monthly timing differences, or in the event that the OPG SPV, at any time, does not purchase a portion of the regulatory asset.

- IESO has requested that the OFA provide a revolving credit facility of $2.0 billion to support its role in the implementation of the *Ontario Fair Hydro Plan Act, 2017*.

- It is proposed that the OIC authorizes the OFA to borrow an additional $2.0 billion, which would be in addition to existing authority for the Minister of Finance to provide loans to the OFA, to ensure that there is sufficient borrowing authority in place for the OFA to meet the IESO requested requirements.

- If approved, the Minister of Finance will subsequently provide a Directive to the OFA to direct it to provide credit facilities to the IESO.
    - The OFA currently provides a credit facility to the IESO of $975 million.
    - The IESO has requested that the existing credit facility be reduced to $475 million, and a new credit facility be provided of $2.0 billion, for a total amount of $2.475 billion.

s. 3 Direction and Urgency

- The Province passed legislation on May 31, 2017 to implement the *Ontario Fair Hydro Plan Act, 2017,* which will reduce electricity bills by 25 per cent on average for eligible households.
- The ability for the OFA to have the requisite borrowing and lending capacity is instrumental in supporting implementation of the *Ontario Fair Hydro Plan Act, 2017*.
- Ministry of Energy proposed regulations under the *Ontario Fair Hydro Plan Act, 2017* are expected to track for Cabinet approval by end of June 2017. It is expected that this OIC also be submitted for approval concurrently as it supports a crucial component of the successfully implementation of the Fair Hydro Plan.
- A related Cabinet Minute from the Ministry of Energy is tracking for June 27, 2017 date.

s. 4 Impact Assessment and Costs

- With this OIC, the Minister of Finance will be authorized to lend an additional amount of $2.0 billion to the OFA. Subject to the terms and conditions of a

Directive from the Minister of Finance, loans from the Minister of Finance to the OFA are expected to be at the Province's cost of funds.
- Loans advanced will result in increased borrowing in the debt markets by the Province.
- Loans are expected to be repaid and, therefore, no fiscal impact is expected.

s. 5 Implementation

- If the OIC is approved and signed, the Minister of Finance will have authorization to provide a loan to the OFA. A Directive from the Minister may provide direction to the OFA on how it can use the proceeds of the loan.

s. 6 Delivery and Results Tracking

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017* and is required to ensure the timely implementation and support for the success of the Fair Hydro Plan. Upon approval, the Minister of Finance will have authorization to provide a loan to the OFA with a directive on how the loan can be used.

s.7 Stakeholder Consultations

- As described in section 2 above, the requirement for this OIC is a result of the Province's *Ontario Fair Hydro Plan Act, 2017*. The related Cabinet note for the initiative should be referred to.

s.8 Other Jurisdictions and Harmonization

- N/A

s. 9 Communications

- N/A

s. 10 Contacts and Appendices

Contacts

	Name	Phone Number
Ministry Policy/Program	Bruno Amara Snr Manager, Electricity Finance Branch Ontario Financing Authority	(416) 325-1489
Ministry Legal	Patrick Rundans Legal Counsel, Legal Services Branch Ministry of Finance	416-212-4538
Ministry Communications	N/A	N/A
Assistant or Deputy Minister's Office	Jonathan Tekle Policy Advisor Deputy Minister's Office	416-325-8736
Cabinet Office Policy	[name] [title] Cabinet Office	

Appendices

Appendix A: The Proposed OIC

Authority Verified/Compétence vérifiée: _____

Please print name/Nom en lettres moulées s.v.p.: _____

Telephone/Téléphone: _____

Recommended by the Treasury Board/Management Board of Cabinet on:
Recommandé par le Conseil du Trésor / Conseil de gestion du gouvernement le: _____

Secretary/Secrétaire: _____

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

[Bilingue]

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an “Advance”) made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the “Reset Date”) to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a “Third Party Loan”), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

_____

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce

dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

_____

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

_____

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le :

_____

Lieutenant Governor
La lieutenante-gouverneure

Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

May 12, 2017.

Mr. Gadi Mayman
Chief Executive Officer
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario, M7A 1Y7

Re: **IESO Credit Requirements for the 2017 Fair Hydro Plan**

Dear Mr. Mayman,

As you are aware the Ontario government has announced its intension to implement the proposed Fair Hydro Plan (FHP) to reduce electricity prices for eligible consumers in the province. Proposed legislation was introduced this month for the FHP. The Independent Electricity System Operator (IESO) is preparing to implement the FHP and has determined that in order to support the IESO's role in FHP implementation it will need greater credit liquidity than currently exists.

An existing credit facility between the IESO and the Ontario Financing Authority (OFA) is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO proposes that a separate and additional credit facility be provided by either the OFA or Ontario Electricity Financial Corporation (OEFC) to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking.

IESO's FHP Credit Requirements and Rationale

Below we have outlined the IESO's expected credit needs including the current OFA facility as follows:

	OFA:IESO Facility	New FHP facility
Current credit facilities	$975 million	$ -
Reduction due to FHP	($500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Totals Credit Facilities	$475 million	$2,000 million

The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP. In addition, the IESO has had recent discussions with OFA staff to explain the rationale to support the overall $2,000 million FHP commitment.

We suggest the new FHP credit facility consider the following key provisions:

- 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);
- interest charge - to be Province's cost of funds for borrowing with a similar term as determined by OFA / OEFC plus 0.25 percent per annum;
- Draws - to be based on minimum of 7 days to a maximum of 95 days, to minimize interest costs and permit efficient FHP asset transfers; and
- Existing $975 million OFA facility : draws to permit for FHP purposes until a new separate credit agreement for FHP purposes has been made available;

Upon your reply to this letter, the IESO will seek any necessary IESO Board of Directors' approval for the above credit facilities and we will provide such evidence for your records.

We appreciate your continued support and look forward to working with you. Please contact me should you need anything further.

Sincerely,

Kimberly Marshall
Vice President Corporate Services, Chief Financial Officer and Treasurer
416-969-6232

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make a loan to Independent Electricity System Operator ("IESO") in a total amount of up to CAD $2,000,000,000.00 (the "Loan").

Commented [SQ21]: Consistent with OIC.

The following terms and conditions shall apply in respect of the Loans:

1. The Loan shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of the Fair Hydro Plan, under the *Ontario Fair Hydro Plan Act, 2017.*

2. A Loan to IESO will only be made at the request and on the recommendation of the Minister of Energy.

3. The OFA will charge interest on the Loan equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread ("Spread").

4. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.

Commented [SQ22]: Consistent with OIC.

5. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the Spread, if any, for the Loan as set out above.

Dated , 2017

_____
Charles Sousa
Minister of Finance

From:	William Tan
To:	Mike Manning; James Devine
Cc:	Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	IESO FHP $2 billion Revolving Credit Facility and Existing $475 million Revolving Credit Facility
Date:	Thursday, August 31, 2017 2:18:21 PM

Hello,

This is to note that IESO requested the option to elect to continue (roll-over) all or a portion of principal and interest for the new FHP Revolving Credit Facility and existing $975 million (to be reduced to $475 million) Revolving Credit Facility. We have discussed this matter and there are no concerns from a Capital Markets perspective.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 3:18:19 PM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18.docx FHP credit facility agreement draft OFA Legal Aug 18 proposed (003).docx

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno ; 'Victor Buza'
Cc: Sarah Harris ; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~August, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

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WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"~~"~~IESO")**, and the obligations of the OPA became obligations of the IESO;

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AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of the IESO, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2.~~ On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42~~[Insert amount outstanding as of date of execution].~~

Commented [A1]: As of August 21, 2017. IESO to confirm.

~~3.~~2. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~4.~~3. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED~~ FORM OF GRID NOTE

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

~~[NTD – TO BE UPDATED AT EXECUTION]~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and;~~ (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies; (b) the amount of interest to be re-paid by the IESO on such Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments- for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO- or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments- discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ofafter the date on which written notice of providing such written noticesuch Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The ~~undersigned~~ IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) ~~[specify sub-categories of borrowing purposes, as applicable]~~: [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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Formatted: List Paragraph

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Anthony Martinello
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein; Victor Buza
Subject:	IESO FHP Credit Facility Agreement
Date:	Friday, August 11, 2017 4:14:39 PM

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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From:	Salman Qadir
To:	Lisa Stein; Bruno Amara; Sarah Harris; William Tan
Cc:	John Kim
Subject:	IESO Minister"s Directive
Attachments:	Directive IESO FHP 2017 v2.docx

Hi all,

Setting up this time for a meeting this afternoon. I think this works for all.

Salman

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	Salman Qadir
To:	Lisa Stein; Bruno Amara; Sarah Harris; William Tan
Cc:	John Kim; Kenneth Russell
Subject:	IESO Minister"s Directive
Attachments:	Directive IESO FHP 2017 v2.docx

Hi all,

Setting up this time for a meeting this afternoon. I think this works for all.

Salman

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From: Lisa Stein
To: Sarah Harris; Opal Kandelas
Subject: IESO OFA FHP agreement
Date: Tuesday, November 28, 2017 5:00:39 PM

Hi Sarah,

I discussed the sharing of the agreement with Opal last week and noted that it is a business decision. There are no contractual or legislative provisions which prohibit the sharing of the agreement. If there are concerns from a business perspective, we can discuss an NDA or other options if necessary.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Sarah Harris
Sent: Tuesday, November 28, 2017 4:49 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 27

Hi Opal,

I took a look and asked Carlos as well. There is nothing from a market perspective that is controversial, and I don't see anything in the provisions that concern me. I thought about the intercept provision, but I think it is fine since the legislation 'publicly' allows for that carve out.

Lisa, do you have any objections about IESO sharing any of the contents of the $2B facility with TD?

Sarah

From: Opal Kandelas
Sent: Monday, November 27, 2017 3:35 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 27

I forgot to ask. I haven't reviewed the agreement with the intention to have it shared, so should any information be redacted from the agreement before we agree to it being shared?

Opal.

From: Opal Kandelas
Sent: Monday, November 27, 2017 3:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 27

Hi Sarah,

I was just in the midst of an email to you regarding this matter. John Kim has let IESO know they can move forward with working with CMO on the agreements, but also communicated that the inclusion of the requested language is pending approval. Its fine to work on amending the agreements, as from all sides the indication is that final signoff will occur.

Regarding IESO's request to share the OFA-IESO agreement with TD, since there's nothing in the agreement prohibiting it and neither Gadi nor OFA legal is concerned about it being shared, it seems unreasonable to withhold it. As there is no obligation for us to provide/deny permission, perhaps we can just point that out to IESO (in an email) and tell them we are leaving the decision as to whether or not to share the agreement to their discretion. Not sure if a more formal response needs to be provided to IESO, but I can discuss with John the best way to convey that info to IESO.

Thanks,
Opal.

From: Sarah Harris
Sent: Monday, November 27, 2017 3:02 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Opal,

Anthony is reaching out to provide drafts of the agreements. While we have started to work on them here, we haven't received word on final sign-off from Ron/Gadi. Any word?

I'm cc'ing Lisa, as she also wasn't cc'd on IESO's request.

Thanks,
Sarah

From: Jean-Francois Beaupre
Sent: Monday, November 27, 2017 2:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Sarah,

Do we have sign-off on the final briefing note and/or authorization to proceed?

Thanks,
J-F

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT

The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):

"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this

Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From:	Lisa Stein
To:	"victor.buza@ieso.ca"
Cc:	Sarah Harris; Kelly Listoe; Salman Qadir
Subject:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 1:57:01 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance:	High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein) ~~-~~; ~~and costs related to the market renewals program;~~

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

Commented [LS1]: Victor, as discussed, we are assuming that this definition includes IESO requirements for costs related to the market renewals program. Please revise if necessary.

or replaced from time to time) , other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means

~~iv)~~v) The definition of "New IESO" is deleted.

~~v)~~vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

~~vi)~~vii) The definition of "OPA" is deleted.

~~vii)~~viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

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Commented [LS2]: Victor, as discussed, please add reference to plan for greater clarity.

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(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

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7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc
Date:	Tuesday, April 25, 2017 3:08:14 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments.doc

Hi Kelly,

Please see my comments on the attached. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

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AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ ~~temporary~~ funding for IESO Corporate Requirements (as defined herein) ~~; and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate~~Corporation~~ Requirements" means ~~short-term liquidity and~~any borrowing ~~general corporate~~ purposes authorized by O. Reg. 280/14 made under the

Commented [LS1]: NTD: Okay, As per discussion with Salman, the fact that this is a revolving line of credit implies it is "temporary" and therefore not off-side the Directive. The word "temporary" in the Directive was not intended to apply to the "costs related to the market renewals program" as these are likely to be capital costs.

Commented [LS2]: This is used throughout. I recommend defining throughout and using defined term throughout. Speak to to IESO regarding this definition.

Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

~~vi)~~vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.~~the following purposes for which it is authorized by regulation to borrow funds:~~

~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

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Commented [LS3]: Is this referring to Ontario's Fair Hydro Plan, as referred to below? If so, as per my comment below, I recommend defining this term and using it here as well.

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Commented [LS4]: Kelly please review definition of IESO Corporate Requirements and confirm this is correct and covers the uses previously contemplated in the draft for this section

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~~5.~~6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change ~~in the financial condition of the IESO~~for the purposes of this Section; and

7. The Form of Borrowing Notice ~~as set out in Amendment No.5 to the Agreement~~ is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1. ~~be amended to delete the paragraph headed "Use of Funds" and replace it with the following:~~

~~**Use of Funds**~~

~~The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.~~

~~(c)~~

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Commented [LS5]: This should be defined; please add definition above

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Commented [LS6]: I recommend deleting borrowing notice and replacing it with revised borrowing notice containing amendment, attached as a Schedule to this amending agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record

on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Lisa Stein
To: Sarah Harris
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27-rev.doc
Date: Thursday, April 27, 2017 4:08:52 PM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26 IESO Apr27-rev.doc

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

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OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

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This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Kelly Listoe
To: Lisa Stein
Subject: IESO Revolving Facility Amendment- IESO Comments
Date: Tuesday, April 25, 2017 10:09:34 AM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 IESO Legal Comments Doc Comments.doc
IESO FORM OF BORROWING NOTICE (1).docx

Hi Lisa:

I have just received back from the IESO their proposed changes to the Revolving Facility Amendment and Note. I have no problem with most of them, except where changes have been made to the wording taken from the Directive (which I have re – edited). They also suggest a small change to the Borrowing Notice, so I have included it in a new version also attached. If I have no changes or comments on the doc, I am fine with their change.

This needs to be wrapped up this week, so please provide any feedback as soon as you can and I will return to the IESO. I believe there is a new person working on this who may not be familiar with the notion of matching what is in the Directive.

The Note Facility Amendment will follow.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN ~~$110 million~~$95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide ~~temporary~~ temporary funding for IESO Corporate Requirements~~, and costs related to the market renewals program;~~ and costs related to the market renewals program;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of IESO Corporate Requirements is added as follows:

   "IESO Corporate~~Corporation~~ Requirements" means ~~short-term liquidity and~~any borrowing ~~general corporate~~ purposes authorized by O. Reg. 280/14 made under the

Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) The definition of "New IESO" is deleted.

v) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of ~~this~~ Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vi) The definition of "OPA" is deleted.

~~vi)~~vii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for IESO Corporate Requirements.~~the following purposes for which it is authorized by regulation to borrow funds:~~
~~(a) To repay the revolving line of credit with the Toronto Dominion Bank;~~
~~(b) For liquidity purposes; and~~
~~To fund IESO Corporate Requirements.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

~~5.~~6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

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(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change in the financial condition of the IESO; and

7. The Form of Borrowing Notice as set out in Amendment No.5 to the Agreement be amended to delete the paragraph headed "Use of Funds" and replace it with the following:

Use of Funds

The undersigned hereby certifies that the funds requested under this notice will be used for IESO Corporate Requirements.

~~(c)~~

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

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SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, ~~and~~ by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement"). ~~(collectively the "Agreement").~~

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each

payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

SCHEDULE 1 TO AMENDING AGREEMENT NO. 6

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416-204-7920)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO refers to the Revolving Credit Facility Agreement dated April 23, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is •;
(b) The aggregate amount of the Proposed Advance is •;

[**IESO confirms that the $• Advance due and payable on • will be rolled.**]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for ~~the following purposes:~~

~~(1) *<indicate amount and purpose of funds requested>*~~
~~(2)~~ ~~*<indicate amount and purpose of funds requested>*~~IESO Corporate Requirements.

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IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

From:	Gavin He
To:	Lisa Stein; Ryan Blackbyrne
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan; John Kim
Subject:	IESO / OEFC - $120MM and $160MM Credit Facility Discussion
Attachments:	RE IESO OEFC - $120MM and $160MM.msg

Hi all,

I am just setting up a quick meeting to discuss the questions on the IESO credit facility agreements:

Thanks,
Gavin He

From: Gavin He []
To: Lisa Stein [Lisa.Stein@ofina.on.ca]; Ryan Blackbyrne [Ryan.Blackbyrne@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Jean-Francois Beaupre [Jean-Francois.Beaupre@ofina.on.ca]; William Tan [William.Tan@ofina.on.ca]
Subject: RE: IESO / OEFC - $120MM and $160MM
Date: Thursday, November 09, 2017 18:49:52

Hi Lisa/Ryan,

Thank you very much for the responses and that's helpful!

I will go back to IESO to verify what's their rationale to for the request. But before I go back, I just want to make sure that I understand the concerns/suggestions from our side first.

The change we made for the OFA credit facility agreement was to allow IESO to take liens related to FHP in the event if IESO can't pay OFA back the loan, correct? What was the reason for this change? And wouldn't the same reason apply for the loans that IESO has with OEFC? And if IESO can't pay back the loans to OEFC, should they still be able to take any liens related to FHP, or not? But if they were able to do so under the OFA credit facility agreement, are there any reasons that they cannot do the same under the OEFC credit facility agreement?

I understand that the $120M and $160M credit facilities are not for FHP purposes, but I think this is a separate question from whether they can take liens related to FHP if IESO can't pay OEFC back the loans? Similarly, I believe the existing $475M IESO credit facility with OFA was not for the FHP purpose, but the agreement was amended by the amendment #10 to include the FHP lien clause in the actual agreement, right? So I am just a bit confused about this process and trying to find out whether we should apply a consistent approach for OEFC's credit facilities before I push this back to IESO.

Also, a separate question on the $160M credit facility agreement. Since it was amended to be used for FHP purpose previously, do we need to amend that now since a separate facility agreement was created specifically for FHP purposes? Or that amendment automatically expires when the $2B FHP credit facility was created, and for sure we don't need to update anything in the $160M credit facility agreement to that effect?

Thanks,
Gavin He

From: Lisa Stein
Sent: Thursday, November 09, 2017 12:49 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

I also recommend asking the IESO for the exact details of the proposed amendments.

From: Ryan Blackbyrne

Sent: Thursday, November 09, 2017 12:19 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO / OEFC - $120MM and $160MM

Hi Gavin,

Thank you for your note. After reviewing your note and the attached agreements we had a few comments:

- We understand that the $160M credit facility agreement will not be used for FHP purposes, although an amendment was made earlier in 2017 to allow advances for the purposes of FHP.
- It is our assumption that the $160M credit facility agreement was amended in April, 2017, pursuant to Reg. 280/14 as a potential temporary option for FHP funding requirements until such time as a separate facility agreement was created specifically for FHP purposes (i.e. the $2B OFA-IESO credit facility)
- There is an existing $120M loan agreement, maturing June 30, 2020, which is not a credit facility, but a fixed term loan. No amendments were made here in relation to FHP, as it is non-revolving and used for capital purposes.
- Since the $160M credit facility agreement will not be used for FHP purposes, it is not clear to us why the change to definition of Permitted Liens is required, and how not making this change would prevent IESO from performing its obligations under the OFHP Act. Please clarify.
- Kindly confirm with Anthony why IESO believes these amendments are necessary in respect of the $160M credit facility and $120M loan agreement.

We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan

<William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted

from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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From: Gavin He
Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa, Sarah, and William,

Following my email on Tuesday, EFB has drafted the attached note on the IESO's request on the OEFC credit facility, including the background information, our recommendation, and the rationale. Could you please review the accuracy of the note and would you be able to provide me with your feedback before noon today?

Sorry for the short turnaround time, but we all would like to move on this as soon as possible.

Thanks,

Gavin He

From: Lisa Stein
Sent: Wednesday, November 08, 2017 9:55 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Thanks for the update Gavin.

From: Gavin He
Sent: Tuesday, November 07, 2017 4:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Sarah H.,

We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

We will get a policy direction soon and will draft a note for you to review once it's ready.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, November 06, 2017 9:43 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

No, I don't think the OFA Lending Policy would apply to these OEFC loans. The OFA Lending Policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

From: John Kim
Sent: Sunday, November 05, 2017 1:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas

<Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: IESO / OEFC - $120MM and $160MM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

Hi John,

We've received no internal direction on the nature of changes IESO is looking for in relation to existing OEFC credit facility with the IESO and the FHP. I surmise it may have to do with adjusting the agreement to allow FHP permitted liens (which we would need internal approval to do) or similar changes, but do you know if IESO communicated requirements to Gadi or Ron?

Thanks,
Sarah
Sent from my iPhone

Begin forwarded message:

From: Anthony Martinello <Anthony.Martinello@ieso.ca>
Date: November 5, 2017 at 11:02:50 AM EST
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.

Regards.

From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2

outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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From:	Ryan Blackbyrne
To:	Gavin He
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan; Lisa Stein
Subject:	IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 12:18:32 PM
Attachments:	$160M revolving credit - Original Agreement - April 23, 2010.pdf $160M revolving credit - Amending Agreement no.6 - April 30, 2017.pdf $120M note - Original Agreement - April 1, 1999 .pdf $120M note - Amending Agreementt no.6 - April 30, 2017.pdf

---

Hi Gavin,

Thank you for your note. After reviewing your note and the attached agreements we had a few comments:

- We understand that the $160M credit facility agreement will not be used for FHP purposes, although an amendment was made earlier in 2017 to allow advances for the purposes of FHP.
- It is our assumption that the $160M credit facility agreement was amended in April, 2017, pursuant to Reg. 280/14 as a potential temporary option for FHP funding requirements until such time as a separate facility agreement was created specifically for FHP purposes (i.e. the $2B OFA-IESO credit facility)
- There is an existing $120M loan agreement, maturing June 30, 2020, which is not a credit facility, but a fixed term loan. No amendments were made here in relation to FHP, as it is non-revolving and used for capital purposes.
- Since the $160M credit facility agreement will not be used for FHP purposes, it is not clear to us why the change to definition of Permitted Liens is required, and how not making this change would prevent IESO from performing its obligations under the OFHP Act. Please clarify.
- Kindly confirm with Anthony why IESO believes these amendments are necessary in respect of the $160M credit facility and $120M loan agreement.

We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation,

allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Gavin He
Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa, Sarah, and William,

Following my email on Tuesday, EFB has drafted the attached note on the IESO's request on the OEFC credit facility, including the background information, our recommendation, and the rationale. Could you please review the accuracy of the note and would you be able to provide me with your feedback before noon today?

Sorry for the short turnaround time, but we all would like to move on this as soon as possible.

Thanks,
Gavin He

From: Lisa Stein
Sent: Wednesday, November 08, 2017 9:55 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Thanks for the update Gavin.

From: Gavin He
Sent: Tuesday, November 07, 2017 4:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Sarah H.,

We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

We will get a policy direction soon and will draft a note for you to review once it's ready.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, November 06, 2017 9:43 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

No, I don't think the OFA Lending Policy would apply to these OEFC loans. The OFA Lending Policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

From: John Kim
Sent: Sunday, November 05, 2017 1:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: IESO / OEFC - $120MM and $160MM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi John,
>
> We've received no internal direction on the nature of changes IESO is looking for in relation to existing OEFC credit facility with the IESO and the FHP. I surmise it may have to do with adjusting the agreement to allow FHP permitted liens (which we would need internal approval to do) or similar changes, but do you know if IESO communicated requirements to Gadi or Ron?
>
> Thanks,
> Sarah
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> > **Date:** November 5, 2017 at 11:02:50 AM EST

To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.

Regards.

From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Dated: April 23, 2010

THIS CREDIT FACILITY AGREEMENT is made on the 23rd day of April, 2010

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITAL:

IESO has requested a revolving line of credit from OEFC in the amount of up to Sixty Million Dollars for the purpose of replacing the current IESO revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes that may also be used to fund corporate requirements. OEFC has agreed to lend such amount to IESO on the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advance Date" has the meaning set forth in Section 3.2.

"Advances" means advances made by OEFC to IESO under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"Commitment" means, at any time, an amount equal to the principal amount of Sixty Million Dollars.

"Consolidated Assets" means, at any time, the book value of IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to IESO by OEFC under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Disposition" has the meaning specified in Section 6.1.

"Dollars" or "$" means lawful currency of Canada.

"Event of Default" has the meaning specified in Section 5.1.

"IESO" means Independent Electricity System Operator, a corporation existing under the laws of the Province of Ontario, until a successor corporation shall have succeeded to all of the rights and obligations of Independent Electricity System Operator pursuant to Section 6.1 and thereafter **"IESO"** shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 6.1).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Interest Payment Date" means with respect to each Advance means the first Business Day of each month.

"Interest Rate" means the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first Business Day of each month by OEFC, plus 0.25 percent per annum.

"Interest Reset Date" has the meaning specified in section 3.3(2)(i).

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the note of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO or a Material Subsidiary, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of IESO or a Material Subsidiary that have not at the time been filed against IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) pledges of cash or cash equivalents to secure IESO's or a Material Subsidiary's liabilities from time to time under Swap Contracts and pledges of cash or cash equivalents in an aggregate amount not exceeding $25 million at any time to secure IESO's or a Material Subsidiary's liabilities from time to time under commodity swap, commodity option and commodity future contracts entered into in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in prices or availability of commodities purchased or to be purchased by IESO or a Material Subsidiary in the ordinary course of business, and not entered into for the purposes of speculation; and

(k) any other Liens of a nature similar to the foregoing which do not in the opinion of IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation: (i) more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or (ii) in the case of a non-share capital corporation, that the IESO has the power to appoint a majority of the Board of Directors; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the following Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO up to the amount of the Commitment. OEFC shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to IESO under the Credit Facility shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

IESO shall use the proceeds of Advances for the following purposes for which it is authorized to borrow funds:

(a) to repay the revolving line of credit with the Toronto Dominion Bank;

(b) for liquidity purposes; and

(c) to fund corporate requirements.

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2, IESO, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder in full on or before April 30, 2013.

Section 2.5 Advances and Payments under this Agreement.

(1) OEFC shall make Advances to IESO under this Agreement to the order of IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by IESO to OEFC from time to time, or in such other manner as IESO may specify to OEFC from time to time.

(2) IESO shall make any payment required hereunder to be made by it to OEFC, to or to the order of OEFC, by wire transfer of immediately available funds in accordance with wire transfer instruction given by OEFC to IESO from time to time, or in such other manner as OEFC may specify to IESO from time to time. IESO shall make each such payment in Canadian Dollars

Section 2.6 Evidence of Indebtedness.

IESO authorizes OEFC to open and maintain records evidencing IESO's obligations under this Agreement and to record therein all advances, interest rates, accrued interest, payments of principal and interest and the aggregate principal and accrued interest outstanding from time to time under this Agreement. IESO agrees that the records kept by the OEFC in the absence of manifest error, shall be prima facie evidence of the indebtedness of IESO and the matters recorded provided that the failure of the OEFC to record or correctly record any amount or date shall not affect the obligation of IESO to repay the aggregate principal amounts and accrued interest thereon owing under this Agreement.

ARTICLE 3
ADVANCES AND INTEREST

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on the first Business Day of each month from and including May 3, 2010 to and including April 1, 2013.

Section 3.2 Procedure for Advances.

(1) Each Advance shall be made subject to four Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by IESO to OEFC. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on IESO and shall specify (a) the requested date of the Advance (the **"Advance Date"**), and (b) the principal amount of the Advance which shall be in a minimum amount of $1,000,000.00 (unless otherwise agreed to by OEFC), and in increments of $1,000,000.00 (or such other increments as may be agreed to by OEFC). OEFC will make the principal amount of each Advance available to IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, IESO shall execute and deliver to OEFC a grid promissory note (the "Note") in respect of Advances substantially in the form of Schedule 2. IESO authorizes OEFC to record on the grid promissory note (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of OEFC to record any amount, rate or date shall not affect the obligation of IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) In the event that funds are not received by IESO on the Advance Date, IESO and OEFC agree to take all steps necessary to amend the date of the Advance, without amending the Interest Rate that was agreed to with respect to such Advance.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.3 Interest on Advances.

(1) IESO shall pay interest on the principal amount of each Advance then outstanding in accordance with this Section 3.3 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the first Interest Payment Date following the date of the Advance, at the rate equal to the Interest Rate, and shall be payable on the Interest Payment Date for such Advance. The amount of interest payable on an Advance will be calculated by OEFC by dividing the Interest Rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance then outstanding and further multiplying the result by the number of days in the period from the date of the Advance to the Interest Payment Date.

(i) If an Advance is outstanding on an Interest Payment Date, the interest rate applicable to such Advance shall be reset automatically by OEFC on that date (the "Interest Reset Date"), at the Interest Rate determined as of the Interest Reset Date.

(ii) For each Advance, OEFC shall notify IESO via email of the Interest Rate on the Advance Date and on each Interest Reset Date.

(3) Upon four Business Days prior notice by IESO, OEFC may at its discretion agree to capitalize the interest on any Advance on an Interest Payment Date, which shall be determined in the following manner: each such interest payment due on the Interest Payment Date shall be deemed to form part of the principal amount of the outstanding Advance and interest shall accrue and be payable thereon in accordance with Section 3.3(2). OEFC shall record on the grid forming part of the note: (a) the date and amount of the new Advance; (b) the applicable rate of interest for the Advance; and (c) the outstanding principal amount of the grid promissory note.

(4) Interest shall accrue on the principal amount of each Advance at the Interest Rate as determined from time to time, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default.

Section 3.4 Computations of Interest.

(1) All computations of interest shall be made by OEFC taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any

period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 3.5 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, IESO shall not be obliged to make any payments of interest or other amounts payable to OEFC hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by OEFC of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada), as amended from time to time).

(2) In the event that any such payments are limited or prohibited as provided in Section 3.5(1), OEFC shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 3.6 Conditions Precedent

The obligation of OEFC to make the Advances pursuant to Section 2.1 is subject to the following conditions being met to OEFC's satisfaction at the time of making each Advance:

(a) that the representations and warranties of IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default;

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO; and

(d) that OEFC has received such other documentation which it has reasonably requested to ensure that IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions including resolutions authorizing the borrowing and authorized signatories.

ARTICLE 4

COVENANTS OF IESO

Section 4.1 Payment of Advances.

IESO will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 Use of Proceeds

The monies advanced under this Agreement shall be used only by IESO for the purposes set out in Section 2.3.

Section 4.3 IESO will Maintain its Corporate Existence.

Subject to Section 6.1, IESO will at all times maintain its corporate existence.

Section 4.4 Maintenance of Properties.

IESO will cause all property owned by IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.4 shall prevent IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of IESO or any Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.5 Insurance.

IESO will cause all property owned by IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.6 Conduct of Business.

Subject to Section 4.3, IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.7 Negative Pledge.

IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.7(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.7(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.8 Payment of OEFC Expenses.

IESO will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at

any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by OEFC) calculated and payable monthly not in advance from in each case from the date on which OEFC incurs the cost, charge or expense until the date on which IESO reimbursement OEFC therefor. OEFC agrees, acting reasonably, to invoice IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.9 Reporting Requirements.

IESO covenants to provide to OEFC, or at its direction, to the Province of Ontario and the Ontario Financing Authority,

(a) any available information respecting its financial position which may be reasonably requested by OEFC, the Province of Ontario or the Ontario Financing Authority from time to time; and

(b) any additional reports or supporting documentation which may be reasonably requested by the OEFC, the Province of Ontario or the Ontario Financing Authority from time to time.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on April 30, 2013;

(c) failure on the part of IESO to observe or perform its obligations set forth in Section 6.1;

(d) failure on the part of IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after

the date on which written notice of such failure shall have been given to IESO by OEFC;

(e) any representation or warranty made by IESO in this Agreement or in any certificate or other document at any time delivered hereunder to OEFC was incorrect or misleading in any material respect;

(f) one or more breaches by IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist; or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) IESO, or any Material Subsidiary:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent;

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors; or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets;

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(g)(i) to (iii); or

(h) if there shall be rendered against IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 5.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property

of IESO, or if any other judicial proceedings relative to IESO, its creditors or its property are pending, OEFC shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel as contemplated under Section 4.7) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 6

CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 6.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of OEFC.

Section 6.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 6.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES OF IESO

Section 7.1 Representations and Warranties of IESO.

IESO represents and warrants to OEFC that:

(a) the borrowing of money (including principal and accrued interest) by IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of IESO, laws of Ontario, including laws of Canada applicable therein, applicable to IESO or any contractual or other obligation binding on IESO; and

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of IESO enforceable against it in accordance with its terms.

Section 7.2 Continuation of Representation and Warranties.

The representations and warranties set out in Section 7.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by OEFC, notwithstanding any investigations or examinations which may be made by counsel for OEFC.

ARTICLE 8

GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to IESO, to it at:
Independent Electricity System Operator
655 Bay Street, Suite 410
Toronto, ON M5G 2K4
Attention: Chief Financial Officer
Telephone:
Telecopier:

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, ON M7A IY7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice shall be addressed as indicated on Schedule 1.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of OEFC and IESO and their respective successors and permitted assigns, except that IESO shall not, without the prior written consent of OEFC assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of IESO and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 23rd day of April, 2010.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Ted Leonard
Vice President, Finance and Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: ~~Michael D. Manning~~ DAVID PETERS
Title: ~~Chief Operating Officer~~ DIRECTOR, DEBT MANAGEMENT
CAPITAL MARKETS DIVISION
ONTARIO FINANCING AUTHORITY

SCHEDULE 1

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
(Fax No. (416-204-7920)

Dear Sirs:

The undersigned, Independent Electricity System Operator ("IESO"), refer to the Revolving Credit Facility Agreement dated •, 2010 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between IESO and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that IESO requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is •;
(b) The aggregate amount of the Proposed Advance is •;

IESO hereby certifies that:

The representations and warranties of IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 2

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $60,000,000 Date: •

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid (**"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before April 30, 2013.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated as of April 30, 2010 between IESO and OEFC (the "**Agreement**"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Credit Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonest and notice of

non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Authorized Signature

Per: _____
Authorized Signature

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID
(Revolving Credit Facility April 30, 2010)

DATE	PRINCIPAL ADVANCED	INTEREST RATE	INTEREST RESET DATE	INTEREST RESET RATE	PRINCIPAL PAYMENT DATE AND AMOUNT	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

INDEPENDENT ELECTRICITY MARKET OPERATOR

as Issuer

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Holder

AGREEMENT
PROVIDING FOR ISSUANCE OF A NOTE

April 1, 1999

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Schedule 2.2(1) – Form of Note

THIS AGREEMENT is made on the 1st day of April, 1999 between:

A. **INDEPENDENT ELECTRICITY MARKET OPERATOR** (the "**Company**")

B. **ONTARIO ELECTRICITY FINANCIAL CORPORATION** ("**OEFC**").

RECITALS:

1. Pursuant to section 116 of the *Electricity Act, 1998*, the Lieutenant Governor in Council has made an order (the "**Transfer Order**") transferring certain officers, employees, assets, liabilities, rights and obligations of Ontario Hydro to the Company;

2. Pursuant to the Transfer Order, the Company is required to issue certain debt securities to Ontario Hydro as partial payment for such assets and rights; and

3. On April 1, 1999, Ontario Hydro is continued as OEFC.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Agreement**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "**Article**" or "**Section**" followed by a number means the specified Article or Section of this Agreement.

"**Business Day**" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"**Canadian Dollars**" or "**$**" means lawful currency of Canada.

"**Canadian Prime Rate**" means, at any time, the greater of (i) the average of the rates of interest per annum equal to the per annum rate of interest quoted, published and commonly known as the "prime rate" of each of the Reference

Lenders which each of the Reference Lenders establishes at its main office in Toronto, Ontario as the reference rate of interest in order to determine interest rates for loans in Canadian Dollars to its borrowers in Canada, adjusted automatically with each quoted or published change in such rate, and (ii) the sum of (y) the average of the rates per annum for Canadian Dollar bankers' acceptances having a term of one month that appears on the Reuters CDOR Page as of 10:00 a.m. (Toronto time) on the date of determination, as reported by OEFC (and if such screen is not available, any successor or similar service as may be selected by OEFC), and (z) 0.50%.

"**Capital Stock**" of any Person means any and all shares, or interests, participations or other equivalents (however designated) of shares, in the capital of such Person.

"**Company**" means the Independent Electricity Market Operator, a corporation existing under the laws of the Province of Ontario, until a successor corporation shall have succeeded to all of the rights and obligations of the Independent Electricity Market Operator pursuant to Section 5.1 and thereafter "**Company**" shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 5.1).

"**Consolidated Assets**" means, at any time, the book value of the assets of the Company and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**disposition**" has the meaning specified in Section 5.1.

"**Event of Default**" has the meaning specified in Section 4.1.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) Every obligation of such Person for borrowed money;

(b) Every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including obligations for borrowed money incurred in connection with the acquisition of property, assets or businesses;

(c) Every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) Every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) Every capital lease obligation of such Person;

(f) The Swap Termination Value of each Swap Contract of such Person; and

(g) Every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined as of such time in accordance with generally accepted accounting principles.

"**Note**" means the note of the Company issued under this Agreement.

"**Ontario Yield Price**" means, with respect to the Note or part thereof to be prepaid pursuant to Section 2.4, a price equal to the price of the Note or part thereof to be so prepaid calculated to provide a yield to maturity, compounded semi-annually and calculated in accordance with generally accepted financial practice, equal to the Province of Ontario Yield on the Business Day preceding the date on which such prepayment is to be made by the Company to OEFC in accordance with Section 2.4.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) Any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) Any obligations or duties, affecting the property of the Company or a Subsidiary, to any municipality or governmental, statutory or public

authority, with respect to any franchise, grant, licence or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the Company or such Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the Company or such Subsidiary;

(d) Any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) The right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) Any undetermined or inchoate Liens and charges incidental to the current operations of the Company or a Subsidiary that have not at the time been filed against the Company or such Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the Company or such Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) Any Lien the validity of which is being contested at the time by the Company or a Subsidiary in good faith and the enforcement of which has been stayed;

(h) Any easements, rights-of-way and servitudes that in the opinion of the Company will not in the aggregate materially and adversely impair the use or value of the land concerned for the purpose for which it is held by the Company or a Subsidiary;

(i) Any Liens and privileges arising out of judgments or awards with respect to which the Company or a Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall

have secured a stay of execution pending such appeal or proceedings for review;

(j) pledges of cash or cash equivalents to secure the Company's or a Subsidiary's liabilities from time to time under Permitted Swap Contracts; and

(k) Any other Liens of a nature similar to the foregoing which do not in the opinion of the Company, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the Company or any Subsidiary or the value of such property for the purpose of any such business.

"**Permitted Swap Contract**" means a Swap Contract to which the Company or a Subsidiary is a party, provided that:

(a) The Company or such Subsidiary enters into such Swap Contract in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or currency exchange rates with respect to Indebtedness of the Company or such Subsidiary and not for the purposes of speculation or taking a "market view";

(b) The notional amount of such Swap Contract does not exceed the payments due with respect to the Indebtedness being hedged thereby;

(c) Such Swap Contract does not contain any "walk-away" provision exonerating the non-defaulting party from its obligation to make payments on any outstanding transaction to the defaulting party; and

(d) Such Swap Contract is in a form approved by the International Swaps & Derivatives Association, Inc. at the time such Swap Contract is entered into or in such other form as shall be customary at such time for the documentation, in accordance with good market practise by regulated financial institutions carrying on business in Canada, of obligations similar to the obligations documented in such Swap Contract.

"**Person**" means any individual, corporation, partnership, joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Province of Ontario Yield**" means, with respect to the Note or part thereof to be prepaid pursuant to Section 2.4, the average of the quotations obtained by the Company from two major Canadian investment dealers selected by OEFC, as to the yield to maturity on the Business Day preceding the date on

which such prepayment is to be made by the Company to OEFC in accordance with Section 2.4, compounded semi-annually and calculated in accordance with generally accepted financial practice, which a non-callable Government of Ontario bond would carry if issued in Canadian Dollars in Canada at 100% of its principal amount on such date with a term to maturity approximately equal to the remaining term to maturity, calculated as at the applicable prepayment date, of the Note.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Reference Lenders**" means, collectively, any two major financial institutions in Canada who, in the ordinary course of business, provide loans in Canadian Dollars to borrowers in Canada, as selected from time to time by OEFC and, in the singular, any one of them.

"**Reuters CDOR Page**" means the display page so designated on the Reuters Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying rates for Canadian Dollar bankers' acceptances).

"**Senior Debt**" means all Indebtedness of the Company, including the Note, which is not subordinated in right of payment to any other Indebtedness of the Company.

"**Stated Maturity**" when used with respect to any Indebtedness or any instalment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such instalment of interest is due and payable.

"**Subsidiary**" means:

(a) A corporation more than 50% of the voting power of the outstanding Voting Shares of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries or by the Company and one or more other Subsidiaries, or

(b) Any Person (other than a corporation) in which the Company, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Successor Person" has the meaning specified in Section 5.1.

"Swap Contract" means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts:

(a) For any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) For any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"U.S. Dollars" means lawful currency of the United States of America.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and *vice versa* and words importing gender may include any gender. In this Agreement and the Note, (i) the words **"including"** and **"includes"** mean **"including (or includes) without limitation"**, and (ii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word **"from"** means **"from and including"** and the words **"to"** and **"until"** each mean **"to but excluding"**.

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
THE NOTE

Section 2.1 Issue of Note.

In consideration of the transfer of certain officers, employees, assets and rights of OEFC to the Company pursuant to the Transfer Order and as partial payment for such assets and rights, the Company issues and delivers the Note to OEFC.

Section 2.2 Terms of the Note.

(1) The Note shall be in substantially the form set out in Schedule 2.2(1), shall be in the aggregate principal amount of $70.3 million, shall be dated as of the

date of this Agreement, shall mature on May 1, 2009, and shall bear interest at the rate of 7.90% per annum (after as well as before default or judgment, with interest on the amounts in default at the same rate).

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

(3) Interest shall be payable on the Note in accordance with Section 2.3.

(4) The Company may prepay all or part of the Note in accordance with Section 2.4.

(5) All amounts owing in respect of the Note shall be paid without exercising any right of set off or counterclaim by the Company irrespective of whether or not, at the time any such amount is due and payable, amounts are due and payable by OEFC to the Company.

Section 2.3 Interest.

Interest on the Note at the rate specified in Section 2.2(1) shall accrue daily, and shall be payable in equal semi-annual instalments on May 1 and November 1 in each year, the first such payment for the Note to be made for the period from the date of this Agreement to May 1, 1999 and, whenever it is necessary to compute interest in respect of the Note for a period of less than one full year, other than such equal semi-annual instalments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be.

Section 2.4 Prepayment.

(1) If the Company has, upon the number of days notice to OEFC determined in accordance with Section 2.4(2), delivered a notice to OEFC stating the proposed date and the Note or part thereof that the Company wishes to prepay, on such date the Company shall pay to OEFC the greater of:

(a) The principal amount of the Note or part thereof that is to be prepaid, as the case may be; and

(b) The Ontario Yield Price for the Note or such part;

together in each case with all interest accrued on the Note or such part to such date or, if the Company and OEFC agree, such amount as they agree upon.

(2) The Company may, at any time and from time to time, prepay all or part of the Note upon giving OEFC not less than 30 days' prior written notice of such prepayment.

Section 2.5 Public Debt Covenants.

(1) If the Company issues notes, bonds, debentures or other evidences of Senior Debt to the public with a term to maturity of at least 5 years and in an aggregate principal amount of at least 100 million in Canadian Dollars or at least 100 million in U.S. Dollars pursuant to a trust indenture, the Company shall, within 3 Business Days of the first such issuance, give OEFC notice of such issuance and a copy of such trust indenture. Effective upon such issuance, the representations and warranties, the positive and negative covenants of the Company (including any financial covenants but excluding covenants relating to interest rates, interest payment dates, maturity dates of principal, prepayments and manner and place of payments) and the events of default applicable to such Senior Debt as specified in such trust indenture shall automatically become applicable to the Note in lieu of the representations and warranties, covenants or Events of Default, as the case may be, included herein as if the same had been originally included in this Agreement when executed and delivered and this Agreement shall be deemed to be amended as of the date such Senior Debt is issued to the extent necessary to incorporate such representations and warranties, covenants and events of default into this Agreement. The Company, at the request of OEFC, shall promptly execute and deliver an agreement which sets out the terms and provisions of this Agreement, as so amended.

(2) If, at any time or from time to time, the representations or warranties, the positive or negative covenants (including any financial covenants but excluding covenants relating to interest rates, interest payment dates, maturity dates of principal, prepayments and manner and place of payments) or the events of default applicable to the Senior Debt referred to in Section 2.5(1) are amended, modified or restated, the Company shall, within 3 Business Days of such amendment, modification or restatement, give OEFC notice thereof and a copy of the agreement amending or modifying the trust indenture referred to in Section 2.5(1) or a copy of the restatement of such trust indenture, as the case may be. OEFC may, upon notice to the Company given at any time within 90 days of receipt by OEFC of a copy of such agreement or such restatement, elect to have such amendment, modification or restatement apply to the Note and this Agreement (as amended pursuant to Section 2.5(1)). If OEFC so elects, such amendment, modification or restatement shall become applicable to the Note and this Agreement (as so amended) as of the date of such election, as if such amendment, modification or restatement amended, modified or restated this Agreement (as so amended) as of such date and this Agreement shall be deemed to be amended, modified or restated as of such date to the extent necessary to incorporate such representations and warranties, positive and negative covenants (including any financial covenants but excluding covenants

relating to interest rates, interest payment dates, maturity dates of principal, prepayments and manner and place of payments) and events of default. The Company, at the request of OEFC, shall promptly execute and deliver an agreement which sets out the terms of this Agreement, as amended pursuant to Section 2.5(1) and as further amended, modified or restated pursuant to this Section 2.5(2).

Section 2.6 Payment.

All amounts required to be paid by the Company to OEFC pursuant to this Agreement shall be paid to or to the order of OEFC by electronic wire transfer of immediately available funds in accordance with transfer instructions given by OEFC to the Company from time to time, or in any such other manner as OEFC may specify to the Company from time to time.

ARTICLE 3
COVENANTS OF THE COMPANY

Section 3.1 Payment of the Note.

The Company will duly and punctually pay or cause to be paid all amounts owing in respect of the Note or under this Agreement in accordance with the terms and subject to the conditions of the Note and this Agreement.

Section 3.2 Company will Maintain its Corporate Existence.

Subject to Section 5.1, the Company will at all times maintain its corporate existence.

Section 3.3 Maintenance of Properties.

The Company will cause all property owned by the Company or any Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the Company or any Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the Company or any Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 3.3 shall prevent the Company or any Subsidiary from discontinuing the maintenance of any such property if such discontinuance is, in the judgment of the Company or any Subsidiary, desirable in the conduct of its business or the business of any such Subsidiary.

Section 3.4 Insurance.

The Company will cause all property owned by the Company or any Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 3.5 Conduct of Business.

The Company will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 3.6 Financial Statements.

The Company will furnish to OEFC:

(a) Within 140 days after the end of each fiscal year, beginning with the fiscal year ended December 31, 1999, audited financial statements of the Company consisting of a consolidated balance sheet of the Company at the end of each such fiscal year and related consolidated statements of income and retained earnings and, commencing with the financial statements relating to the fiscal year of the Company commencing January 1, 2000, changes in financial position for each such fiscal year prepared in accordance with generally accepted accounting principles; and

(b) Within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company, unaudited interim consolidated financial statements of the Company for the interim period so ended prepared in accordance with generally accepted accounting principles.

Section 3.7 Other Indebtedness.

The Company covenants that if it shall cause any payment of principal, premium or interest on any of its Indebtedness to be subordinated or postponed to the prior payment of any other Indebtedness it shall in like manner subordinate or postpone such payment to the prior payment of the Note.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

Section 3.9 Payment of OEFC's Expenses

The Company will, on demand, reimburse OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default. All such costs, charges and expenses shall bear interest at the Canadian Prime Rate, payable monthly in arrears from the third Business Day after demand for reimbursement thereof is made by OEFC.

ARTICLE 4
EVENTS OF DEFAULT AND REMEDIES

Section 4.1 Event of Default.

"**Event of Default**", wherever used herein, means any one of the following events:

(a) Failure to pay any interest upon the Note when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) Failure to pay the principal of the Note at its Stated Maturity;

(c) Failure on the part of the Company to observe or perform its obligations set forth in Section 5.1;

(d) Failure on the part of the Company to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after the date on which written notice of such failure shall have been given to the Company by OEFC;

(e) One or more breaches by the Company or any Subsidiary of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) Constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) Have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(f) The Company or any Material Subsidiary:

(i) Becomes generally not able to pay its debts as they become due;

(ii) Admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) Institutes or has instituted against it any proceeding seeking:

(A) To adjudicate it a bankrupt or insolvent,

(B) Liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) The entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) Takes any corporate action to authorize any of the actions in Sections 4.1(f)(i), (ii) or (iii); or

(g) If there shall be rendered against the Company or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $25 million by a court or courts of competent jurisdiction, and the Company or such Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 4.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing on the Note and all other amounts owing hereunder to be due and payable immediately, by a notice in writing to the Company, and upon any such declaration all such amounts shall become immediately due and payable.

Section 4.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 4.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the Company under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the Company, or if any other judicial proceedings relative to the Company, its creditors or its property are pending, OEFC (irrespective of whether the principal amount of the Note shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether OEFC shall have made any demand on the Company for the payment of any overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) To file and prove a claim for all amounts owing on the Note or under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel) allowed in such judicial proceeding; and

(b) To collect and receive any moneys or other property payable or deliverable on any such claim.

Section 4.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given

by this Article 4 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 5
CONSOLIDATION, AMALGAMATION, MERGER OF COMPANY

Section 5.1 Certain Requirements in Respect of Merger, etc.

The Company may not, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the Company, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "**disposition**") to any Person, but may do so if:

(a) The Company shall be the surviving Person, or the Person (if other than the Company) formed by such amalgamation, consolidation or into which the Company is merged or that acquires by disposition all or substantially all of the properties or assets of the Company shall be a corporation, partnership or trust organized and validly existing under the federal laws of Canada or any province or territory thereof and shall expressly assume, by an agreement executed and delivered to OEFC in form satisfactory to OEFC, all of the Company's obligations under this Agreement and the Note and, in the case of an entity organized other than under the laws of the Province of Ontario, shall attorn to the jurisdiction of the courts of the Province of Ontario (the Company or such other Person who becomes such a successor obligor under this Agreement being herein referred to as the "**Successor Person**");

(b) Immediately before and after giving effect to such transaction, no default or Event of Default shall have occurred and be continuing; and

(c) The Successor Person shall have delivered to OEFC a certificate of the Successor Person and an opinion of counsel, each stating that such amalgamation, consolidation, merger or disposition by the Company, and, if an agreement is required to be entered into by the Successor Person in connection with such transaction pursuant to Section 5.1(a), such agreement, comply with Section 5.1(a) and the certificate of the Successor Person shall also state that all conditions precedent in this Section 5.1 relating to such transaction have been satisfied.

Section 5.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or disposition described in, and complying with the provisions of, Section 5.1 in which the Company is not the continuing corporation, the Successor Person shall succeed to all of the rights and obligations of the Company under this Agreement and the Note, and from time to time may exercise every right and power of the Company under this Agreement and the Note.

ARTICLE 6
GENERAL

Section 6.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy addressed:

If to the Company, to it at:

Independent Electricity Market Operator
P.O. Box 1
Suite 410
655 Bay Street
Toronto, Ontario
M5G 2K4

Attention: Douglas Thomas, CA, Treasurer
Telephone: (416) 506-2818
Telecopier: (416) 506-2843

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M3A 1Y7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

Any such communication shall be deemed to have been validly and effectively given if (i) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (ii) transmitted by telecopier, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 6.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 6.1.

Section 6.2 Successors and Assigns.

Subject to Section 5.1, the Company cannot assign or transfer this Agreement or the Note or any of its rights or obligations under this Agreement or the Note without the prior written consent of OEFC. OEFC cannot assign or transfer this Agreement or the Note or any of its rights or obligations under this Agreement or the Note without the prior written consent of the Company.

Section 6.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and the Company.

Section 6.4 Waiver.

(3) No waiver of any provision of the Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(4) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude any other or further exercise of such right or the exercise of any other right.

Section 6.5 Further Assurances.

Each of the Company and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 6.6 Severability.

In case any provision in this Agreement or in the Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement or in the Note shall not in any way be affected or impaired thereby.

Section 6.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 6.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement.

INDEPENDENT ELECTRICITY MARKET OPERATOR

By: Douglas J. Thomas

By: _____

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

By: _____

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

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

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From: William Tan
To: Lisa Stein; Salman Qadir
Cc: Sarah Neville; Sarah Harris
Subject: IESO and OFA Credit Agreement Amendment and IESO and OFA FHP Credit Facility Agreement
Date: Thursday, June 01, 2017 1:47:12 PM

Hello all,

I will be assisting with the amendment to the existing IESO and OFA Credit Agreement and drafting of the new IESO and OFA, FHP Credit Facility Agreement. I am fairly available if you have any suggestions or questions for me. I will put together a draft for each credit facility as soon as possible. The draft will require several revisions before final completion. For each draft I ask you to please identify any additional and specific information that I have missed. I look forward working with all of you.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Bruno Amara
To: William Tan
Cc: Lisa Stein; Gavin He
Subject: IESO and OFA credit facility agreement
Date: Thursday, August 03, 2017 9:28:02 AM

Hi Will

As discussed yesterday, Salman dropped by the office yesterday after our meeting. He suggested that MoF legal has worked on these agreements previously and may be able to provide some clarification on the issues we discussed yesterday. I also debriefed John K on our discussion. He noted that EFB has previously been heavily involved in this area and was not comfortable on signing off on the 2 issues we discussed yesterday. Namely the section (k) and the pari passu item. Having said that, I think our wish to get more clarification on section (k) is still relevant. I know we don't wish to slow down this process, but it may be worth asking MoF Legal's opinion on these two issues. They have also been involved in OFHP issue, so will have that context as well.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Anthony Martinello
To: William Tan; Victor Buza; Ryan Blackbyrne
Cc: Lisa Stein; Sarah Harris; John Kim; Jean-Francois Beaupre
Subject: IESO granting of security on ieso assets to opg trust
Date: Monday, November 13, 2017 10:33:08 AM

Ryan, Will, John

The IESO will be seeking IESO Board approval on Nov 22 to grant the security/priority on ieso assets to the OPG trust.

Let me know if you wish to discuss...i would like to give the Board any comments that OFA and OEFC may have on this granting. Regards

---

From: William.Tan@ofina.on.ca
Sent: November 6, 2017 4:14 PM
To: Victor.Buza@ieso.ca
Cc: Lisa.Stein@ofina.on.ca; Sarah.Harris@ofina.on.ca; Anthony.Martinello@ieso.ca; John.Kim@ofina.on.ca
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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From:	Lisa Stein
To:	John Kim
Cc:	Sarah Harris; William Tan; Lisa Stein
Subject:	IESO request re permitted liens
Date:	Friday, November 10, 2017 4:02:08 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx
Importance:	High

Hi John,

As per your request, please see the e-mail from Victor Buza below which explains their request for the amendment to the definition of "permitted liens".

Thank you,

Lisa

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan
Cc: Anthony Martinello
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we

did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of ~~CAD~~ $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

~~**"Dollars"** or **"$"** means lawful currency of Canada.~~
"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP. ~~generally accepted accounting principles.~~

"Continued Advance" has the meaning specified in Section 3.3(1).~~means an Advance for which the IESO has elected to continue all or a portion of the principal amount of such Advance and any amount of interest on such Advance past the Repayment Date.~~

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"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2~~2.3~~.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Financing Entity" has the same meaning as "financing entity" as that term is defined in the OFHP.

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"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).~~a grid promissory note in respect of Advances substantially in the form of Schedule 3.~~

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"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” has the meaning specified in the Recitals to this Agreement.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially~~material~~ impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. ~~Generally accepted accounting principles refer to.~~

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Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act*~~Interest Act~~ (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the ~~Criminal Code~~*Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5~~7~~ days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance~~,~~; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5~~7~~ days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

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ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~,~~ insolvency, ~~,~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~r~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	John Kim
Cc:	Sarah Harris; William Tan; Lisa Stein
Subject:	IESO request re permitted liens
Date:	Friday, November 10, 2017 4:02:08 PM
Attachments:	FHP credit facility agreement draft June 23 2017 IESO Legal July 26.docx
Importance:	High

Hi John,

As per your request, please see the e-mail from Victor Buza below which explains their request for the amendment to the definition of "permitted liens".

Thank you,

Lisa

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan
Cc: Anthony Martinello
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we

did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of ~~CAD~~ $2 billion Dollars from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

~~**"Dollars"** or **"$"** means lawful currency of Canada.~~
"Clean Energy Adjustment" has the same meaning as "clean energy adjustment" as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP. ~~generally accepted accounting principles.~~

"Continued Advance" has the meaning specified in Section 3.3(1).~~means an Advance for which the IESO has elected to continue all or a portion of the principal amount of such Advance and any amount of interest on such Advance past the Repayment Date.~~

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"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2~~2.3~~.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Financing Entity" has the same meaning as "financing entity" as that term is defined in the OFHP.

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"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

“Grid Note” has the meaning specified in Section 3.2(2).~~a grid promissory note in respect of Advances substantially in the form of Schedule 3.~~

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"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

“Material Subsidiary ” means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

“**OFHP**” has the meaning specified in the Recitals to this Agreement.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially~~material~~ impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. ~~Generally accepted accounting principles refer to.~~

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Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s~~:

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act*~~Interest Act~~ (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the ~~Criminal Code~~*Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5~~7~~ days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance~~,~~; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5~~7~~ days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

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Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of~~or~~ set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

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ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Iindebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount

of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, ~~,~~ insolvency, ~~,~~ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

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(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days of providing such written notice, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~r~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "**Grid** ~~Note~~") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid ~~Note~~ (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	William Tan
To:	Jean-Francois Beaupre; Lisa Stein; Sarah Neville; Gavin He
Subject:	IESO sign-off on Amending Agreement 10
Date:	Tuesday, July 25, 2017 3:26:41 PM

IESO sign-off on Amending Agreement 10

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording.

I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.

If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."*

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975

million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan

Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Gavin He
Cc:	Sarah Harris; William Tan
Subject:	IESO-OEFC - FHP LoC_Nov 2017_v3.docx
Date:	Thursday, November 09, 2017 11:40:12 AM
Attachments:	IESO-OEFC - FHP LoC_Nov 2017_v3.docx

Hi Gavin,

As per your request, I've reviewed the note and I've made some initial comments and suggested amendments. As an overall comment, I believe the note requires restructuring and further clarification. Once you have had a chance to consider my comments, please send me a revised draft for review or send me a meeting planner and we can discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator ("IESO") has requested OEFC to ~~reopen the~~amend the existing credit facility agreement between OEFC and IESO (for $XX) to address the additional obligations the IESO is taking on under Ontario's Fair Hydro Plan.~~make amendment to the definition of the permitted liens~~.

CONTEXT

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"), OFA recently amended the credit facility agreement between OFA and the IESO [insert date] (the "OFA Agreement"). One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

The OFA credit facility agreement was amended due to additional roles IESO is taking on under Ontario's Fair Hydro Plan. To fufil its obligation, the IESO will need a general grant of security on any lien arising from the IESO's role and obligations under the OFHP. Therefore, the OFA credit facility agreement was amended to allow for such a general grant of security.

For the same reason, the IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make the similar amendment. Specifically, adding a clause in the OEFC credit facility agreement that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OEFC.

RECOMMENDATION

- To maintain a consistent approach with IESO's credit facilities, CEFD staff ~~and IESO~~ are of the view that the exisiting OEFC credit facility ~~should amend~~requires amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, such change to the permitted liens is still required in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.
- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP. ~~Below are the related changes made to the OFA credit facility:~~

~~*Excerpt from the excuted OFA IESO Amending Agreement #10:*~~

~~*The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):*~~

~~*"(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."*~~

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE

Commented [LS1]: I recommend moving this to the background section with less detail and explaining the purpose for the amendment on its own, as the IESO OEFC credit facility agreement is separate and needs to be amended on its own merits.

Commented [LS2]: See above.

Commented [LS3]: Is this the only amendment? I'll review again once re-drafted as per above comments.

Commented [LS4]: I don't think this is relevant here

Commented [LS5]: There are no prior references to the FHP Credit Facility Agreement. Again, as per earlier comments, please add a reference to a background section.

Commented [LS6]: Is it actually required?

Formatted: List Paragraph, Indent: Left: 0", Bulleted + Level: 1 + Aligned at: 0.25" + Indent at: 0.5"

Commented [LS7]: This is too detailed for a briefing note. I recommend deleting this.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 08, 2017

COMMERCIALLY SENSITIVE AND CONFIDENTIAL ADVICE

From: Ryan Blackbyrne
To: Joan Dougherty
Cc: Lisa Stein
Subject: IESO-OEFC fully executed amending agreements
Date: Thursday, December 07, 2017 4:06:58 PM
Attachments: $160M revolving credit - amending agreement no.7(Executed).pdf
$120M Note - amending agreement no.7(Executed).pdf

Hi Joan,

I will be right down with the originals of the attached documents.

Thanks,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M5G 1Z3
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Lisa Stein
Sent: Wednesday, December 06, 2017 10:13 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Please provide me with electronic versions of signed originals for my file. Originals can be provided to Joan for storage in the safe.

Thank you,

Lisa

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, December 05, 2017 12:31 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Kim Marshall has signed the 4 originals, and IESO has couriered them to you re:

Purolator #: 331249983072

Regards.

From: Anthony Martinello
Sent: December 04, 2017 2:44 PM
To: 'Ryan Blackbyrne'; Victor Buza
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Good news, IESO has nothing further. Therefore, let's proceed to execution.

Call me to discuss.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 30, 2017 4:37 PM
To: Victor Buza; Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Victor,

We have reviewed and approved the changes you made to the drafts. We having nothing further to add. Are there any other revisions you wish to make before preparing execution copies?

Thank You,
Ryan

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 29, 2017 6:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist

Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.

If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.

Regards.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the 5th day of December, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the 5th day of December, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting the "." at the end of paragraph (k) and replacing it with "; and"; and adding the following new paragraph (l):

   (l) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

From:	Gavin He
To:	Lisa Stein; Malle Hanslep (MOF)
Cc:	Bruno Amara; Salman Qadir
Subject:	IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 9:50:27 AM
Attachments:	01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN.docx 02 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo CEO-DM.doc 03 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo DM-Min.doc Directive IESO FHP 2017 v5.docx

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Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Provinces cost of borrowing for funds provided to the IESO under the facility.

- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are recovered from electricity ratepayers.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
  - The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

- Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
  - The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP.
  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
Reduction due to FHP	$(500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
June 23, 2017

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June 25, 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.

- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
- The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.

…2

An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.

- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the Minister's signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province’s cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel.: 416 325-1590
Fax: 416 325-1595

Ministère des Finances

Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél. : 416 325-1590
Téléc. : 416 325-1595

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister

SUBJECT: **Minister's Directive to OFA to provide OPA a Credit Facility Extension**

Attached for your review and consideration is a Minister's Directive to the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.

- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
- The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.

…2

An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.

- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP

Attached is a briefing note for your consideration, as well as a Lending Directive for the your signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province's cost of funds plus a twenty-five basis point spread and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Scott Thompson

Attachments

c. Marianne Nguyen
Gadi Mayman
Ronald Kwan

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

From:	Victor Buza
To:	William Tan
Cc:	Lisa Stein; Sarah Harris; Anthony Martinello
Subject:	IESO-Signed Revolving Credit Facility Agreement
Date:	Monday, November 06, 2017 3:28:41 PM
Attachments:	FHP Credit Agreement OFA IESO - Nov 6 2017 - IESO Signed.pdf
Importance:	High

Per my email below – see attached the IESO-signed Revolving Credit Facility Agreement re FHP.
Victor

From: Victor Buza
Sent: November 06, 2017 3:24 PM
To: 'William Tan'
Cc: Lisa Stein; Sarah Harris; Anthony Martinello
Subject: RE: Signatures for FHP and Amending Agreement No. 10
Importance: High

Will,

Please find attached the following documents signed by IESO:

1. Amending Agreement #10 to the Jan. 1, 2005 Credit Agreement;
2. Certified IESO Board Resolution and Incumbency Certificate;
3. Scan of the $2 Billion Grid Note.
4. Intercept Letter Agreement.

I will send the new Revolving Credit Facility Agreement in relation to FHP under a separate email immediately following.

We have already overnighted the original grid note for $2 billion and an original Intercept Letter signed by all parties. Per your request, we will send original agreement signature pages for both agreements as well – can we send those tomorrow or do you need the overnighted too?

Let us know. We look forward to receiving your confirmation of closing.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 3:09 PM
To: Victor Buza

Cc: Lisa Stein; Sarah Harris; Anthony Martinello
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

I clarified internally and we would want an original signature page for the FHP Agreement and Amending Agreement No. 10.

Thanks,

Will

From: William Tan
Sent: Monday, November 06, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

My apologies. Please scan the separated $2B and $475 MM Grid promissory notes. Forward the $2B promissory note but hold on to the $475MM Grid Promissory Note until November 21.

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Promissory Note
- $475 MM Grid Promissory Note

Yes, please forward the documents to myself.

William Tan
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 2:12 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

I will scan and send all documents you listed in their entirety, not just signature pages. Can you confirm, are you saying you want a scan of the $475MM grid note?

Just so I get it right, should I courier the hardcopies of the Intercept Letter and Note to your attention and address, Will? Call me if it's quicker.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

Thank you for the update. When you send the soft copy signatures, would it be possible to include the signatures within the agreements?

You were probably going to include the following signed soft copies anyway but out of caution I have listed them below:

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Note
- $475 MM Grid Note

Hardcopy of the Intercept Letter and $2B Grid Note – overnight delivery is fine.

Per s. 16 AA #10 - Anthony and I discussed on Friday that $475MM Grid note would be signed today but held by IESO until November 21. After the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received OFA will send the $975MM cancelled prom note to IESO.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6th day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Anthony Martinello
To:	William Tan
Cc:	Olga Whiteley; Lisa Stein; Victor Buza; Sarah Harris
Subject:	IESO/OFA - FH line
Date:	Wednesday, August 29, 2018 8:48:35 AM

Will

Just a courtesy email …nothing to do yet.

The IESO:OFA Fair Hydro line of credit is at about $1 billion drawn out of the $2 billion max capacity. We are drawing on avg about $200-300million/month.

The Fair Hydro Trust has not purchased the IESO's reg asset for a few months….if this continues I will be coming back to OFA to seek to increase the line of credit.

Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Lisa Stein
To:	Gavin He
Cc:	John Kim; Sarah Neville; Sarah Harris; William Tan
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 251.docx
Date:	Wednesday, October 25, 2017 12:46:20 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 251.docx

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Hi Gavin,

I've made a few tweaks to the letter; black-lined version attached. If you have no further questions, I don't need to review again.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

October 25, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

For further certainty, the OFA and the Ministry of Energy ("ENERGY") acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing ~~[~~$975 million~~]~~ credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.
    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.
    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.
    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

~~**Ontario Financing Authority**~~

~~by:_____~~

~~name: Ronald Kwan~~

~~title: Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA~~

~~c. Gadi Mayman, Chief Executive Officer, OFA~~

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

October 25, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

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Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing ~~[~~$975 million~~]~~ credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.
    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.
    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.
    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

~~**Ontario Financing Authority**~~

~~by:_____~~

~~name: Ronald Kwan~~

~~title: Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA~~

~~c. Gadi Mayman, Chief Executive Officer, OFA~~

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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From:	Lisa Stein
To:	John Kim
Cc:	Sarah Neville; Sarah Harris; William Tan; Gavin He
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Tuesday, October 24, 2017 2:31:24 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

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Edits as requested. I've removed Ron's edits as well.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an~~The~~ intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The OFA, IESO and the Ministry of Energy ("ENERGY") acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for payment to the IESO [Energy to confirm] by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement")~~,~~ on an unsecured basis, the OFA requires ~~the Ministry of Energy ("~~ENERGY~~")~~ and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

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    - If~~Under~~ the intercept provision is exercised, ~~which shall be included in the Loan Agreements,~~ the IESO ~~also~~ agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

DRAFT

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

- ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

- For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY ~~or through any other agencies, bodies or other means~~.

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This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

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The OFA, IESO and the Ministry of Energy ("ENERGY") acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for payment to the IESO [Energy to confirm] by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement")~~,~~ on an unsecured basis, the OFA requires ~~the Ministry of Energy ("~~ENERGY~~")~~ and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.
    - If~~Under~~ the intercept provision is exercised, ~~which shall be included in the Loan Agreements,~~ the IESO ~~also~~ agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

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- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

- ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

- For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY ~~or through any other agencies, bodies or other means~~.

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This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

From:	Sarah Neville
To:	John Kim; Sarah Harris
Cc:	Anna Strathy; Lisa Stein
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx
Date:	Thursday, September 21, 2017 11:38:17 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

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Hi John – tweaked the acknowledgement to make it mutual as between all and to narrow the reference to appropriations so that it is clear it is not any MOE appropriation but only that destined for the IESO.

Sarah

I am writing in relation to the Independent Electricity System Operator's (IESO)~~'s~~ request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion ~~from the OFA~~ (the "New Credit Facility") to support ~~its~~the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

~~Pursuant to~~Under the OFA Lending Policy, the OFA ~~is~~ required ~~to include~~ an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement ~~from money appropriated by the Legislature for payment to the public body~~. The OFA, IESO and the Ministry of Energy ("MOE") ~~I~~ acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for the IESO [Energy to confirm] and the intent of such intercept ~~a~~ provision is that it would ~~e~~ apply if and when amounts were to be appropriated for payment to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), on an unsecured basis, the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- ~~As such, t~~The OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
  - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance ~~is~~ would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").
  - Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

Commented [RK1]: I had thought the earlier discussion contemplated an acknowledgement / confirmation that at this time there are currently no amounts appropriated by the Legislature for the IESO and that these provisions would apply if amounts were appropriated in the future.

Has there been an update to that thinking?

Commented [JK2]: Updated.

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- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

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DRAFT

From:	Lisa Stein
To:	John Kim; Sarah Harris
Cc:	Sarah Neville
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev.docx
Date:	Wednesday, September 20, 2017 9:41:24 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev.docx

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Good morning John and Sarah,

Further to our meeting yesterday, please see the attached draft points to be included in a letter agreement from the OFA, addressed to both the IESO and MOE.

Please add in the appropriate details, including addressees and signature lines, and send it back to legal for final review. Happy to discuss.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

I am writing in relation to the IESO's request for a new revolving credit facility in an amount of up to $2 billion from the OFA (the "New Credit Facility") to support its role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct amounts equal to any amounts the public body fails to pay the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement. These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

As such, the OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

- Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance is entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").

- Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and

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expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

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DRAFT

From:	Lisa Stein
To:	Sarah Neville
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev.docx
Date:	Wednesday, September 20, 2017 9:30:46 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev.docx

---

Hi Sarah,

Thanks for your comments. Additional comments and amendments attached.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

I am writing in relation to the IESO's request for a new revolving credit facility in an amount of up to $2 billion from the OFA (the "New Credit Facility") to support its role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. ~~In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"),~~ The intercept provision allows the Minister of Finance to deduct amounts equal to any amounts the public body fails to pay the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement. These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

As such, the OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

- Pursuant to section 23 of the *Capital Investment Plan Act, 1993* ~~CIPA~~, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance is entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").

- Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.

- ~~If the OFA determines that it is necessary to request the Minister of Finance to exercise the intercept, the OFA will give written notice to the Minister of Finance, with a copy to MOE, of the IESO's failure to pay under a Loan Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under the Loan Agreement.~~

Commented [SN1]: CIPA is permissive, it is the policy that is mandatory so we may want to delete this.

Commented [LS2]: Agreed

Commented [SN3]: Can this be in the loan agreement? This would seem to be covered by the statutory authority in 23(2)?

Commented [LS4]: The policy provides that this agreement is required prior to the loan agreement.

Commented [SN5]: Can this be moved to either the beginning or the end of the letter as part of providing assurance that there will be consultation with the Ministry prior to any steps being taken. Doesn't impact the substance but just makes it seem slightly less onerous and this is an OFA policy obligation.

Commented [LS6]: I think this belongs here as it would take place prior to the exercise of the intercept provision

Commented [SN7]: Can this be in the agreement only, it is procedural.

Commented [LS8]: Ok

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- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

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DRAFT

From:	Lisa Stein on behalf of /O=OFA/OU=OFINA ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=LSTEIN
To:	Sarah Neville
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev.docx
Date:	Wednesday, September 20, 2017 9:30:07 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev.docx

---

Hi Sarah,

Thanks for your comments. Additional comments and amendments attached.

Thanks,

Lisa

I am writing in relation to the IESO's request for a new revolving credit facility in an amount of up to $2 billion from the OFA (the "New Credit Facility") to support its role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. ~~In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), T~~the intercept provision allows the Minister of Finance to deduct amounts equal to any amounts the public body fails to pay the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement. These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

As such, the OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

- Pursuant to section 23 of the *Capital Investment Plan Act, 1993*~~CIPA~~, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance is entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").

- Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.

- ~~If the OFA determines that it is necessary to request the Minister of Finance to exercise the intercept, the OFA will give written notice to the Minister of Finance, with a copy to MOE, of the IESO's failure to pay under a Loan Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under the Loan Agreement.~~

Commented [SN1]: CIPA is permissive, it is the policy that is mandatory so we may want to delete this.

Commented [LS2]: Agreed

Commented [SN3]: Can this be in the loan agreement? This would seem to be covered by the statutory authority in 23(2)?

Commented [LS4]: The policy provides that this agreement is required prior to the loan agreement.

Commented [SN5]: Can this be moved to either the beginning or the end of the letter as part of providing assurance that there will be consultation with the Ministry prior to any steps being taken. Doesn't impact the substance but just makes it seem slightly less onerous and this is an OFA policy obligation.

Commented [LS6]: I think this belongs here as it would take place prior to the intercept, which is described in the following provisions

Commented [SN7]: Can this be in the agreement only, it is procedural.

Commented [LS8]: Ok; however I note that this is directly from the policy

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- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

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DRAFT

From: Sarah Neville
To: Lisa Stein
Subject: Intercept letter agreement IESO MOE OFA Sept 2017.docx
Date: Wednesday, September 20, 2017 8:34:36 AM
Attachments: Intercept letter agreement IESO MOE OFA Sept 2017.docx

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Hi Lisa – thanks very much for this, good job. I have flagged a few questions about whether some of the procedural obligations can be dealt with in the agreement with the IESO so that the letter still complies with the Policy but focuses on what we need IESO and MOE to mutually turn their minds to, rather than how it will be implemented.

Happy to discuss

Sarah

I am writing in relation to the IESO's request for a new revolving credit facility in an amount of up to $2 billion from the OFA (the "New Credit Facility") to support its role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister of Finance to deduct amounts equal to any amounts the public body fails to pay the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement. These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

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- Pursuant to section 23 of CIPA, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance is entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").

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Commented [SN1]: CIPA is permissive, it is the policy that is mandatory so we may want to delete this.

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DRAFT

From: Lisa Stein
To: Sarah Neville
Subject: Intercept letter agreement IESO MOE OFA Sept 2017.docx
Date: Tuesday, September 19, 2017 5:11:03 PM
Attachments: Intercept letter agreement IESO MOE OFA Sept 2017.docx

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Draft as discussed

I am writing in relation to the IESO's request for a new revolving credit facility in an amount of up to $2 billion from the OFA (the "New Credit Facility") to support its role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

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- Pursuant to section 23 of CIPA, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance is entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").

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DRAFT

From:	John Kim
To:	Lisa Stein; Sarah Harris
Subject:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx
Date:	Wednesday, November 01, 2017 12:10:11 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx

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Hi Lisa, Sarah,

Would you know how to include page numbers and names of the recipients up to each subsequent pages?

If you have a sample, I can do it myself.

Thanks,

John

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

November , 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a “Loan Agreement”; together, the “Loan Agreements”):

    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose (“Appropriated Funds”), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the “intercept provision”). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY’s support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance’s direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

November , 2017

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    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

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Sincerely,

_____

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Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From:	Bonnie Zhang
To:	Lisa Stein
Subject:	Lending Directive and OFA"s Annual Borrowing and On-lending Plan Fiscal 2017-18
Date:	Wednesday, May 31, 2017 3:53:35 PM
Attachments:	minister"s directive annual lending directive 201718 V1.doc OFA"s Annual Borrowing and On-Lending Plan 2017-18 V2.docx

Hi Lisa,

Could you please review the draft of 2017-18 OFA Lending Directive and provide your comments?

I also attach the OFA's Annual Borrowing and On-lending Plan 2017-18 which is expected to be approved by the Board during the OFA Board meeting on June 16, 2017. Please note that the new loan amount in the Borrowing and On-lending Plan doesn't include IO's new credit facility of $200 million which is a replacement of the existing credit facility but the Lending Directive includes this amount. The Borrowing and On-lending Plan focuses on new requirement of borrowing. If IO's credit facility will not increase the borrowing requirement (a replacement of the existing credit facility), it is not included in the borrowing plan. Let me know your opinion.

Thanks,
Bonnie Zhang
Senior Financial Policy Advisor
Corporate Finance, Corporate & Electricity Finance Division
Ontario Financing Authority
Tel: 416-325-1369

DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
OFA LOANS TO CONSOLIDATED PUBLIC BODIES

To: Ontario Financing Authority ("OFA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to make loans to (i) the public bodies and (ii) individual public bodies within the class of public bodies (i.e. colleges and Crown agencies and universities) as set out in the OFA's Annual Borrowing and On-Lending Plan Fiscal Year 2017-18 which are listed in Schedule "A" hereto in a total aggregate amount of up to CAD $639,500,000 (the "Loans").

The following terms and conditions shall apply in respect of the Loans:

1. The maximum amount of each Loan to a public body and the aggregate maximum amount of Loans to a class of public bodies will be the amount specified in Schedule A hereto for each such public body or class of public bodies.

2. Each Loan shall be made for the purpose specified for that Loan in Schedule A.

3. A Loan to a public body will only be made at the request and on the recommendation of the responsible ministry for the public body.

4. Except in the case of Loans to universities, each Loan is conditional upon prior written approval pursuant to Section 28 of the *Financial Administration Act* (FAA) to be requested by the ministry responsible for the public body. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for any of the Loans.

5. The OFA will charge interest on the each of the Loans determined in accordance with the OFA's Lending Policy as approved by the OFA Board of Directors (the "Loan Rate"); provided that the Loan Rate shall be comprised of

    a. The Province's total cost of funds, including commissions,to fund the Loan (the "Province's Cost of Funds"),

b. a two and one-half (2.5) basis point spread over the Province's Cost of Funds to recover the OFA's lending costs (the "Cost Recovery Fee"), and
c. in addition to the Cost Recovery Fee, on Loans for projects of a commercial nature, a spread over the Province's Cost of Funds of up to Seventy-five (75) basis points to reflect commercial rates, determined in accordance with the OFA's Lending Policy (the "Commercial Spread").

6. Each of the Loans shall be evidenced by a loan agreement containing terms and conditions consistent with this Directive and the OFA's Lending Policy and approved by the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Dated , 2017

_____

CHARLES SOUSA
MINISTER OF FINANCE

SCHEDULE "A"

DIRECTIVE
MINISTER OF FINANCE
OFA LOANS TO CONSOLIDATED PUBLIC BODIES
FOR 2017 -18 FISCAL YEAR

CONSOLIDATED PUBLIC BODIES	AMOUNT	PURPOSE
Colleges	Up to $239.5 million	To finance new capital projects including energy retrofit projects or refinancing of existing loans currently held with financial institutions
Infrastructure Ontario (IO)	Up to $200 million	To replace a prior revolving credit facility agreement dated June 23, 2006 for $200 million. The credit facility is required to provide interim financing for IO's Alternative Fiancing & Procurement project interim costs such as: • Project soft costs • Project staff costs • Project support costs • Interest on line of credit
Universities	Up to $200 million	To finance energy retrofit projects which are the part of the Greenhouse Gas Reduction program Ministry of Advanced Education and Skills Development has initiated.

OFA'S ANNUAL BORROWING AND ON-LENDING PLAN
FISCAL YEAR 2017-18

ISSUE

The OFA Lending Policy requires that the Board review the Annual Borrowing and On-Lending Plan and approve the OFA's cost recovery fee and proxy commercial interest rate spreads related to the OFA's on-lending activities to public bodies.

RECOMMENDATION

It is recommended that the OFA Board approve:

1. No change in the cost recovery fee of 2.5 basis points (bps) per annum on new loans to public bodies to cover costs related to upfront loan origination and on-going loan monitoring and administration; and
2. An increase in the maximum proxy commercial interest rate spread to 75 bps up from 65 bps in fiscal 2016-17. The following commercial interest rate spreads are to be assigned to different project risk ratings as:

   "C" Risk Rating: Province's cost of funds + cost recovery fee + 75 bps.
   "B" Risk Rating: Province's cost of funds + cost recovery fee + 50 bps.
   "A" Risk Rating: Province's cost of funds + cost recovery fee + 25 bps.

For those loans with a credit risk rating higher than a "C" Risk Rating, it is recommended that the OFA charge an additional credit spread premium that is reflective of the loan's risk profile.

It is further recommended that the OFA continue to conduct an annual review of both spreads to ensure that there are no significant long-term under/over recoveries that may require corrective action and the proxy commercial spread is reflective of credit market conditions.

COST RECOVERY SPREAD

- The OFA's Lending Policy requires the OFA to recover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.
- The OFA uses a basis points (bps) spread cost recovery methodology. The total costs are divided by the average loan portfolio balance to reach the cost recovery spread in bps.
- The calculation methodology reflects current realities of a mature loan portfolio, and it supports the OFA's recommendation to maintain the cost recovery spread for new loans at 2.5 bps per annum in fiscal 2017-18.
- The Ontario Internal Audit Division (OIAD) reviewed the calculation methodology in March 2017 and concluded that the bps spread calculation methodology proposed by the OFA was reasonable and appropriate.
- The cost recovery fee is charged as a basis points spread on the loan interest rate and recovered over the term of the loan. It is estimated that 2.5 bps is required to recover the costs of administering OFA loans in 2017-18.

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18E
Size of Loan Portfolio	$5.5 billion	$6.0 billion	$6.0 billion	$6.0 billion	$6.0 billion	$5.8 billion
Estimated FTEs	11.37	10.80	10.39	8.14	9.44	7.89
Cost Recovery Spread	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps
Total Costs	**$1,665,713**	**$1,623,226**	**$1,443,454**	**$1,151,310**	**1,414,570**	**$1,233,150**
Cost Recovery Revenue	**$1,735,219**	**$1,875,800**	**$1,937,069**	**$1,921,531**	**$1,906,227**	**$1,863,679**
Cumulative Over/(Under) Recoveries	**($2,704,324)**	**($2,451,750)**	**($1,958,134)**	**($1,187,913)**	**(696,256)**	**(65,727)**

- On a cumulative basis, the OFA is still in an under-recovered position, due to a legacy of no recoveries at the inception of the on-lending program. However, it is expected this will shift to an over recovered position in 2018-19 as the cost recovery spread of 5 bps that was charged in earlier years of the program was too high.
- Although the OFA took corrective action early on to reduce the cost recovery spread to 2.5 bps, the annual over-recovery will persist until the loans that were charged 5 bps have been fully paid off.
- The revenues have remained relatively constant since the size of the loan portfolio has remained relatively stable. Over the next few years, the size of the loan portfolio is expected to slowly decrease since the school board loan program has come to an end. New loan issues may be surpassed by principal repayments on existing loans.
- The total costs for 2016-17 increased from a year earlier mainly due to the development of an in-house new loan system, the OFA Loan Management System (OLMS). More FTE equivalents were required to carry out the system development.
- The total costs for 2017-18 are expected to decrease from the previous year due to improved operational efficiency after the launch of the OLMS.

PROXY COMMERCIAL SPREAD

- The OFA Lending Policy requires the OFA to charge a proxy commercial interest rate spread for projects that are deemed commercial in nature, in order to better reflect the underlying risk of such projects. The spread is added to the Province's costs of funds and cost recovery fee and recovered over the term of the loan.
- The proposed 75 bps spread is arrived at based on a methodology used in the past two years, which analyzes various sources of long-term bonds with similar commercial risk profiles and constructs for either "A/A-" or "A/BBB" rated long-term bond indices.
- An average interest rate spread of the three indices over the Province's 20-year cost of funds is calculated and it is further reduced by 10 bps to convert the long-term interest rate spread to a medium-term interest rate spread as the average duration of OFA loans is approximately 10 years.
- With the appropriate interest rate spreads representing risks embedded in the loans, the borrowers should be more motivated to pay back their loans in a timely manner.
- As recommended, the maximum medium term interest rate spread is 75 bps versus 65 bps in F2016-17.
- In fiscal 2016-17, the total OFA retained interest from the proxy commercial spreads was $1,452,707, a 16% increase from a year earlier resulting from a relatively higher average outstanding amount of agency loans throughout the year. The agency loans are subjected to the proxy commercial spread charge as opposed to the school board loans for which only an administration fee is charged over the province's cost of borrowing.

Fiscal Year	Composite Medium-term Spread Over Province's Cost of Funds	Recommended Maximum Spread	OFA Retained Interest
2017-18	75 bps (recommended)	75 bps (recommended)	N/A
2016-17	65 bps	65 bps	$1,452,707
2015-16	70 bps	70 bps	$1,249,255
2014-15	45 bps	45 bps	$1,303,898
2013-14	54 bps	55 bps	$1,288,346
2012-13	55 bps	55 bps	$1,132,813
2011-12	52 bps	50 bps	$832,391
2010-11	50 bps	50 bps	$540,818

- Loans are deemed to be commercial in nature when generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources. The OFA evaluates the project risk of these loans in order to establish a proxy commercial rate of interest. Two risk measures are used to evaluate the risk:

  1. The percentage of total project revenue attributable to government sources; and
  2. The average Debt Service Coverage Ratio (DSCR) of the project, where DSCR is defined as the number of times the average annual free cash flow generated over the term of the loan would cover the principal and interest payments of the associated debt.

- For a given "commercial" loan, each of these two risk measures are evaluated and assigned an overall project risk ranking as follows:

PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES

AVERAGE DSCR	LESS THAN 30%	GREATER THAN 30%
LESS THAN 1.35X	"C" Rating	"B" Rating
GREATER THAN 1.35X	"B" Rating	"A" Rating

Where: "C" Risk Rating = Province's cost of funds + cost recovery fee + 75 bps.
"B" Risk Rating = Province's cost of funds + cost recovery fee + 50 bps.
"A" Risk Rating = Province's cost of funds + cost recovery fee + 25 bps.

BORROWING AND ON-LENDING REQUIREMENTS

Net Loan Requirements ($millions)

Borrowers	2016-17 (Actual)			2017-18 (Plan)		
	Loans	Repayments	Net Loans	Loans	Repayments	Net Loans
School Boards (1)	67.1	206.0	(138.9)	-	218.6	(218.6)
Colleges (2)	158.3	59.1	99.2	239.5	40.0	199.5
Ontario Lottery and Gaming Corporation	24.2	24.5	(0.3)	41.5	5.1	36.4
City of Windsor	-	1.7	(1.7)	-	1.9	(1.9)
Independent Electricity System Operator	230.0	149.0	81.0	-	81.0	(81.0)
Niagara Parks Commission	-	0.3	(0.3)	-	0.3	(0.3)
Ontario Infrastructure and Lands Corporation	-	-	-	-	-	-
Ontario Northland Transportation Commission	-	0.4	(0.4)	-	0.4	(0.4)
Ontario Science Centre	-	0.5	(0.5)	-	0.0	-
Royal Ontario Museum	-	4.1	(4.1)	-	0.0	-
University of Ontario Institute of Technology	-	5.1	(5.1)	-	5.5	(5.5)
Universityies (2)				200.0	0.0	200.0
Contingency		0.0	-	5.0	0.0	5.0
TOTAL (3)	**479.6**	**450.7**	**28.9**	**486.0**	**352.8**	**133.2**

(1) The Ministry of Education has advised that since School Boards have transitioned to a capital grant funding model in fiscal 2017-18, there will be no more loan requirement from the OFA.
(2) A $300 million loan program for the Greenhouse Gas Reduction has been initiated by MAESD, of which $100 million will be available to colleges and $200 million, to universities in fiscal 2017-18.
(3) Amounts may not add up due to rounding.

Prepared by: Michael Smith (2-1063)/Bonnie Zhang (5-1369)
Corporate Finance Branch, CEFD

Input by: Siva Nathan (5-8039)
Finance & Treasury

May 10, 2017

APPENDIX I: NOTES TO FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD ENDED MARCH 31, 2017

5. TRANSACTIONS WITH PUBLIC BODIES

The OFA provides financing to various public bodies on direction from the Province. As the OFA is directed by the Province to make these loans in furtherance of stated Provincial initiatives, and these loans are included in the Province's consolidated financial statements, these transactions are not reflected in these financial statements.

Funds for these loans are advanced to the OFA by the Province under credit facilities aggregating $16.9 billion expiring from 2036 to 2044. Principal repayments received from public bodies by the OFA are forwarded to the Province. The interest rates charged to public bodies will generally be slightly higher than the rate charged on the advances from the Province to fund the loans ("the spread").

The OFA will generally retain a portion of the spread in order to recover the administrative costs of managing these loans. The spread retained by the OFA includes a cost recovery component and, where applicable, a proxy commercial interest rate spread. The inclusion of the proxy commercial spread results in an interest rate equivalent to what would be charged on the loan by a commercial lender and reflects the relative risk associated with the loan. During the year ended March 31, 2017, $3.5 million in interest rate spread revenue was recognized (2016 – $3.4 million) of which $2.1 million in receivable at year end (2016 – $1.7 million).

As at March 31, 2017, the principal amounts receivable by the OFA on behalf of the Province represent debentures and short term loans. In addition to the outstanding loans below, interest accrued on these loans amounted to $93.9 million (March 2016 – $93.6 million), of which $92.7 million (2016 – $92.6 million) will be flowed to the Province.

These are related party transactions, with the exception of those with the Corporation of the City of Windsor and the University Of Ontario Institute Of Technology.

(in thousands of dollars)

	March 31, 2017	March 31, 2016
Centennial Centre of Science and Technology	$0	$ 500
Colleges of Applied Art and Technologies	320,653	221,450
Corporation of the City of Windsor	8,171	9,916
Independent Electricity System Operator	81,209	-
Niagara Parks Commission	4,553	4,876
Ontario Lottery and Gaming Corporation	33,769	34,085
Ontario Northland Transportation Commission	2,564	2,950
Royal Ontario Museum	26,000	30,145
School Boards	5,473,075	5,611,958
Shaw Centre (formerly Ottawa Convention Centre Corporation)	48,016	45,872
University of Ontario Institute of Technology	5,501	10,611
Total	**$6,003,511**	**$ 5,972,364**

Loans to Public Bodies by the Province:

The Centennial Centre of Science and Technology is a Crown agency of the Province under the *Centennial Centre of Science and Technology Act, 1990*. The loan made to fund the construction of the Agents of Change project matured in March 2017 and has been repaid in full.

Colleges of Applied Art and Technologies have been loaned $320.7 million (March 2016 – $221.5 million) for various campus projects including new and expanded student residences, computer equipment, parking facilities, and an energy saving capital project. These loans bear interest ranging from 1.32 per cent to 5.75 per cent and mature from 2017 to 2042.

The Corporation of the City of Windsor is a municipality within the meaning of the *Municipal Act*. The financing provided is for the acquisition, design and construction of the Windsor Justice Facility consisting of a provincial division courthouse and city police headquarters. This is a 20 year loan bearing interest at 6.41 per cent and maturing in March 2021. The outstanding balance is $8.1 million (March 2016 – $9.9 million).

The Independent Electricity System Operator (IESO) has been provided a maximum $975 million credit facility to primarily fund the Regulated Price Plan variance account. This credit facility has

been extended until November 30, 2019. IESO has drawn $81.2 million from this facility as of March 31, 2017 bearing interest rate at 0.81 per cent and maturing on April 24, 2017.

The Niagara Parks Commission, a Crown agency of the Province, operating under *Niagara Parks Act, 1990*, has been provided a loan of $4.5 million (March 2016 – $4.9 million) to finance additional capital costs incurred for the redevelopment of phase I of Table Rock House in Queen Victoria Park, Niagara Falls. This loan bears interest at 5.07 per cent and matures in April 2027.

The Ontario Lottery and Gaming Corporation (OLG) is a Crown agency of the Province under the *Ontario Lottery and Gaming Corporation Act*, *1999*, and has been provided loans totalling $33.7 million (March 2016 – $34.1 million) to fund several projects, bearing interest at rates ranging from 0.9 to 2.32 per cent and maturing from October 2017 to January 2018.

The Ontario Northland Transportation Commission (ONTC) is a Crown agency of the Province under the *Ontario Northland Transportation Commission Act, 1990*. ONTC's total borrowing of $2.5 million (March 2016 – $2.9 million) matures from 2020 to 2031 and bears interest ranging from 4.90 to 5.22 per cent.

The Royal Ontario Museum (ROM) is a Crown agency of the Province under a Special Act of the Ontario Legislature and has borrowed $26.0 million (March 2016 – $30.1 million) at floating rate, currently at 2.3 per cent. All outstanding loans are scheduled to be repaid by March 2027.

School boards have been provided loans under various programs beginning in 2006. During the year ended March 31, 2017, school boards were provided with additional loans and made semi-annual blended payments of principal and interest, leaving the total outstanding amount at $5,473.0 million (March 2016 – $5,611.9 million). These loans bear interest ranging from 2.43 to 5.38 per cent and mature from 2021 to 2042.

The Shaw Centre (formerly the Ottawa Convention Centre Corporation) is a Crown agency of the Province governed under the Ottawa Convention Centre Corporation Act, 1988, and has been provided a loan of $48.0 million (March 2016 – $45.9 million) for the purpose of providing term debt to finance part of the construction of the Shaw centre. This is a 25-year loan, bears interest at 4.67 per cent and matures in September 2036. Pursuant to a directive signed by the Minister of Finance on November 2, 2012, the Province provided Shaw Centre with a repayment deferral of principal and interest up to five years. Interest continues to accrue over the five year deferral period. The outstanding amount includes capitalized interest of $8 million.

The University Of Ontario Institute of Technology (UOIT) is a corporation established under the University of Ontario Institute of Technology Act, 2002. The Province has provided a five-year term loan of $5.5 million (March 2016 – $10.6 million) bearing an interest rate at 2.77 per cent and maturing in October 2017.

APPENDIX II:

COST RECOVERY SPREAD
OFA LOANS TO CONSOLIDATED PUBLIC BODIES

ISSUE

What cost recovery fee should the OFA charge on loans to public bodies in 2017-18?

RECOMMENDATION

It is recommended that the cost recovery spread remain unchanged at 2.5 bps given the estimated 2.3 bps it will cost the OFA to administer the loan program in 2017-18.

It is further recommended that the OFA continue to conduct an annual review to ensure the cost recovery methodology and interest rate spread is appropriate and that there are no significant long-term under-/over-recoveries that may require OFA management's corrective action.

SUMMARY ANALYSIS

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18E
Size of Loan Portfolio	$5.5 billion	$6.0 billion	$6.0 billion	$6.0 billion	$6.0 billion	$5.8 billion
Estimated FTEs	11.37	10.80	10.39	8.14	9.44	7.89
Cost Recovery Spread	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps
Upfront Costs	$966,086	$984,111	$835,202	$674,662	$885,605	$705,258
Ongoing Costs	$699,628	$639,114	$608,252	$476,648	$500,374	$499,481
Total Costs	**$1,665,713**	**$1,623,226**	**$1,443,454**	**$1,151,310**	**1,414,570**	**$1,233,150**
Cost Recovery Revenue	**$1,735,219**	**$1,875,800**	**$1,937,069**	**$1,921,531**	**$1,906,227**	**$1,863,679**
Cumulative Over/(Under) Recoveries	**($2,704,324)**	**($2,451,750)**	**($1,958,134)**	**($1,187,913)**	**(696,256)**	**(65,727)**

- Although revenues continue to outpace costs, this is partially a revenue timing issue since loan origination costs are incurred upfront and recovered over the life of the loans.
- Loan initiation costs are not recovered upfront because the OFA does not charge an upfront fee, but uses a basis points spread cost recovery methodology. It is expected that these costs will be fully recovered over the life of the loans, assuming the loans remain in good standing and are fully repaid.
- On a cumulative basis, the OFA is still in an under-recovered position. However, it is expected this will begin to turn into an over-recovery in 2018-19 as the cost recovery spread of 5 bps that was charged at the inception of the program was too high.
- Although the OFA took corrective action early on to reduce the cost recovery spread to 2.5 bps, the cumulative over-recovery will persist until the loans that were charged 5 bps have been fully paid off.
- The rate of revenue increase peaked in 2014-15 and is declining gradually as growth in the size of the loan portfolio plateaus. Over the next few years, the size of the loan portfolio is expected to decline slowly as the school board loan program is coming to an end with the

last tranche being drawn in March 2017. It is expected that future new loan issues will be slightly outpaced by principal repayments on existing loans.

- The total estimate costs for fiscal 2017-18 are expected to be lower than those of fiscal 2016-17 because in 2016-17, extra costs were incurred to support the development of a new OFA Loan Management System (OLMS).
- The proportional FTE method is used for fiscal 2016-17 and 2017-18 for estimating overhead costs.

ANALYSIS OF FORECAST VERSUS ACTUAL COST RECOVERIES

	2016-17E Beginning of Year	2016-17 End of year
Size of Loan Portfolio	$6.0 billion	$6.0 billion
Estimated FTEs	10.34	9.44
Cost Recovery Spread	2.5 bps	2.5 bps
Upfront Costs	$965,063	$885,605
Ongoing Costs	$487,448	$500,374
Total Costs	**$1,452,512**	**1,414,570**
Cost Recovery Revenue	**$1,916,997**	**$1,906,227**
Cumulative Over/Under Recoveries	**($723,427)**	**(696,256)**

- The fiscal 2016-17 cost recovery fee estimation at the beginning of the year is revised at the end of the year based on additional information obtained.
- The assumption of $400 million new loan issuance at the beginning of the year is revised to $439 million which includes an unexpected credit line drawing of $ $230 million for the Independent Electricity System Operator (IESO). The additional new loan amount were partially offset by the reduction of the last tranche of school board loan issued in March 2017 from expected $200 million to $67 million.
- The FTE allocation for upfront costs is reduced by 0.84 to reflect the reduced activities of new loan issuance (without considering the IESO line of credit drawing).
- The salary and overhead costs are revised by taking fiscal 2015-16 as the expense base year. The salary costs are adjusted by an across the board salary increase in fiscal 2016-17 of 6.4%.
- A difference of $27,171 in cumulative under recoveries is identified, however it is not a significant amount to warrant a corrective action.

ESTIMATED COSTS

The total administrative costs for the OFA to carry out the loan program to public bodies were calculated as follows:

1. Determine the estimated number of FTEs required by each division/branch to fulfill the OFA's loan initiation or ongoing activities; and
2. Multiply the estimated number of FTEs by the average cost per FTE per division/branch involved in the loan program.

Below is a detailed breakdown of FTE estimates per division for both upfront costs and ongoing loan monitoring costs. For comparison purposes, estimates for fiscal 2016-17 and 2017-18 are shown below.

Fiscal 2016-17:

	Full Time Equivalents		
Divisions	Upfront costs	Ongoing Monitoring	Total
CEO's Office / OFA Legal	0.03	0.11	0.14
Capital Markets	1.15	0.05	1.20
Finance & Reporting/Treasury	0.60	2.00	2.60
Corporate & Electricity Finance	2.00	1.50	3.50
MOF Legal Services	1.50	0.25	1.75
Risk Control	0.00	0.00	0.00
Strategic Corporate Services	0.70	0.50	1.20
TOTAL	**5.98**	**4.41**	**10.39**

Fiscal 2017-18:

	Full Time Equivalents		
Divisions	Upfront costs	Ongoing Monitoring	Total
CEO's Office / OFA Legal	0.11	0.08	0.19
Capital Markets	0.95	0.05	1.00
Finance & Reporting/Treasury	0.26	0.99	1.25
Corporate & Electricity Finance	2.00	1.50	3.50
MOF Legal Services	0.75	0.25	1.00
Risk Control	0.00	0.00	0.00
Strategic Corporate Services	0.55	0.40	0.95
TOTAL	**4.62**	**3.27**	**7.89**

FTE Cost Forecast for Public Bodies Loan Program

Fiscal 2017-18:

COSTS

Division	Salary and benefits cost per FTE	FTE	Salaries	Overhead	Total
CEO's Office	313,637	0.10	31,364	2,909	34,272
OFA Legal	163,477	0.09	14,713	2,618	17,331
Capital Markets	172,356	1.00	172,356	29,085	201,441
Finance & Reporting/ Treasury	114,698	1.25	143,601	36,415	180,016
Corporate & Electricity Finance	112,900	3.50	395,150	101,799	496,949
MOF Legal Services	129,753	1.00	129,753	29,085	158,839
Risk Control	104,991	-	-	-	-
Strategic Corporate Services	122,811	0.95	116,671	27,631	144,302
Total Estimated Costs		7.89	1,003,607.26	229,542.41	1,233,149.67

2017/18 average loan portfolio under management	5,847,510,985
--- Exclude loans issued without cost recovery fee charges	5,258,584,854
Total cost recovery fee	**0.02345%**

The fiscal 2017-18 calculation of cost estimates considers:

1) Loan origination costs and loan monitoring costs were combined to arrive at the total estimate costs of $1.2 million which was divided by the estimated average loans under management which are subject to fee recoveries in 2017-18 to reach the annual cost recovery fee of 0.02345% or 2.3 basis points per annum.

2) The average overhead costs per FTE were estimated by having the total OFA overhead costs in fiscal 2015-16 divided by the total OFA FTEs of 165 and multiplied by an inflation factor of 1.02. Next, the average overhead costs were multiplied by estimated divisional FTEs to arrive at the overhead costs of $229,542.

3) The estimated salary costs were based on 2016-17 estimates and adjusted for an expected increase of 3.9%.

4) The development of the new OLMS system in 2016-17 and its subsequent launch on April 5, 2017 effectively reduces the FTE counts for fiscal 2017-18, especially in the OFA IT group, that is, the Strategic Corporate Services Branch.

ESTIMATED REVENUES

- Assuming the OFA Board approves keeping the cost recovery spread at 2.5 bps based on the calculations above, estimated revenues are expected to be $1.9 million in 2017-18.
- Fiscal 2017-18 revenues are based on average loans under management which are subject to fee recoveries as not all of the $336 million in expected new loans will be issued at the beginning of the year.
- The new loan forecast for fiscal 2017-18 is lower than the previous year as the school board loan program has come to an end in fiscal 2016-17.
- The loan portfolio is expected to decrease slightly to $5.7 billion at end of year 2017-18 and average loans under management are assumed to be $5.8 billion throughout the year.
- The current estimate assumes that all of the $336 million in expected loans in 2017-18 will be advanced. Although this is a prudent assumption, experience has shown that the actual amount of loans advanced in a given year could be slightly more or less than what was forecasted.
- For fiscal 2016-17, the actual revenue recovered was $1,906,227, slightly lower than the estimated cost recovery revenue of $1,916,997.

BACKGROUND

- In 2007, Treasury Board approved the “Financing Public Bodies” initiative where the OFA is mandated to provide long-term financing for consolidated public bodies, including school boards, colleges, and hospitals, as well as corporations, boards, and commissions that borrow as agents of the Crown. The OFA was also directed by Treasury Boards to charge a cost recovery rate for this loan program.
- The OFA Lending Policy requires the OFA to conduct an annual review to ensure that the cost recovery methodology and interest rate spread is appropriate and that there are no significant long-term under-/over-recoveries that may require OFA management’s corrective action.

- In fiscal 2016-17, a simplified cost recovery fee calculation methodology was proposed and approved by the OFA Board of Directors and reviewed by the Internal Audit Division (IAD).
- The same fee calculation methodology is proposed for fiscal 2017-18 as no significant change is expected for OFA to manage new loan issuance and ongoing loan administration in the coming fiscal year.

Michael Smith/Bonnie Zhang, Corporate Finance Branch
Corporate & Electricity Finance Division
March 29, 2017

APPENDIX III:

PROXY COMMERCIAL INTEREST RATE SPREADS ON LOANS TO PUBLIC BODIES

ISSUE

What is the maximum proxy commercial interest rate spread the OFA should charge on loans to public bodies where the underlying activity is commercial in nature?

RECOMMENDATION

It is recommended that maximum proxy commercial interest rate spread for “commercial” loans be increased to 75 basis points (bps) for fiscal year 2017-18 from the previous year spread of 65 bps.

ANALYSIS & RATIONALE

The reasons for the change are as follows:

1. The methodology for calculating proxy commercial interest rate spreads is the same as that used for the prior year through examining and analyzing long-term bonds with risk profiles similar to loans to public bodies in order to reflect the risk factors of today’s complex “commercial” projects undertaken by public bodies.
2. The proposed 75 bps spread is arrived at based on a calculation methodology which analyzes various sources of long-term bonds with similar commercial risk profiles and constructs for either “A/A-“ or “A/BBB” rated long-term bond indices. An average interest rate spread of three indices over the Province’s 20-year cost of funds is calculated, which is then converted to a spread over medium term Ontario bond. The average duration of OFA loans is estimated at 10 years.
3. The three constructed indices are comprised of the Casgrain three month average (February to April 2017) of PPP (Public Private Partnership) index based on 24 projects in Canada with “A” range PPP credit, the average of 5-year composite indices of Canada Utility A and Corporate BBB, and the Ontario Quasi-government entity long-term bond index. The details are provided in Schedule I: Proxy Commercial Interest Rate Spread Calculation.
4. The interest rates on loans deemed to be commercial in nature should reflect major risk factors in the credit markets, while shielding public bodies from extreme short-term volatility. The credit spread on the average of indices of comparable bonds is 75bps over the Province’s credit spreads.
5. With the appropriate interest rate spreads representing risks embedded in the loans, the borrowers should be more motived to pay back loans.

The Province’s spread over the government of Canada (the benchmark) was narrowed over the past year, and the spread of commercial long-term bonds over the benchmark has slightly widened which results in the OFA’s need to increase its maximum proxy commercial interest rate spread to 75 bps from 65 bps. For those loans with higher than usual credit risk, it is recommended that the OFA charge an additional credit spread premium that is reflective of the loan’s risk profile.

It is further recommended that the OFA continue to re-evaluate and monitor the proxy commercial interest rate spreads as credit spreads have varied significantly over the past few years.

In fiscal 2016-17, the total OFA retained interest from the proxy commercial spreads was $1,452,707, a 16% increase from a year earlier resulting from a relative higher average outstanding amount of agency loans throughout the year. The agency loans are subjected to the proxy commercial spread charge as opposed to the school board loans for which only an administration fee is charged over the province's cost of borrowing.

Fiscal Year	Composite Medium-term Spread Over Province's Cost of Funds	Recommended Maximum Spread	OFA Retained Interest
2017-18	75 bps	75 bps (recommended)	N/A
2016-17	65 bps	65 bps	$1,452,707
2015-16	70 bps	70 bps	$1,249,255
2014-15	45 bps	45 bps	$1,303,898
2013-14	54 bps	55 bps	$1,288,346
2012-13	55 bps	55 bps	$1,132,813
2011-12	52 bps	50 bps	$832,391
2010-11	50 bps	50 bps	$540,818

Identification of Appropriate Credit Spread

- "Commercial" projects undertaken by public bodies exhibit qualities and characteristics that could be considered similar to those of quasi-government PPP projects.
    - The public and private partnership feature gives PPP projects a quasi-government structure; and
    - There exists government guidance for project initiation, planning, controlling, executing and closure.

- The commercial risk spread identified through composite indices of comparable 'A or A/BBB' rated bonds is considered to be an appropriate index for measuring the risk of commercial projects undertaken by public bodies.

Approach in Setting Appropriate Credit Spread

- Establish a proxy commercial interest rate spread based on the risk of the project using two risk measures to evaluate project risk:
    i) the percentage of total project revenue attributable to government sources; and
    ii) the average debt service coverage ratio (DSCR) of the project.
- As illustrated in **Table A**, below, a project would fall into one of three different overall project risk categories depending on its risk measure scores: "A", "B", or "C" risk ratings

Table A – Overall Project Risk Rating

AVERAGE DSCR	PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES: LESS THAN 30%	PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES: GREATER THAN 30%
LESS THAN 1.35X	"C" Rating	"B" Rating
GREATER THAN 1.35X	"B" Rating	"A" Rating

- The interest rate spreads assigned to different project risk ratings are:
    - **"C" Risk Rating**: Province's cost of funds plus cost recovery charge plus 75 bps.
    - **"B" Risk Rating**: Province's cost of funds plus cost recovery charge plus 50 bps.
    - **"A" Risk Rating**: Province's cost of funds plus cost recovery charge plus 25 bps.

Michael Smith / Bonnie Zhang, Corporate Finance Branch
Corporate & Electricity Finance Division
May 5, 2017

Schedule I --- Proxy Commercial Interest Rate Spread

	Amount Outstanding (MM)	Duration	Long Bond Spread Over Canada	Long Bond Spread Over Ontario	Credit Rating
Casgrain PPP index Feb-Apr 2017 (duration 17 years)					
Casgrain PPP Index spread over GoC in April 2017 (weighted average of 24 eligible bonds with A range PPP credit)	N/A	17	1.75%		A/A-
Casgrain PPP Index spread over GoC in Mar 2017 (weighted average of 24 eligible bonds with A range PPP credit)	N/A	17	1.78%		A/A-
Casgrain PPP Index spread over GoC in Feb 2017 (weighted average of 24 eligible bonds with A range PPP credit)	N/A	17	1.82%		A/A-
Average Index (Feb - Apr 2017)				1.783%	
Less: Ontario 20 year bond spread over Government of Canada				-0.884%	
Casgrain PPP index spread over Ontario				**0.866%**	
5-year composite indices from Bloomberg					
Canadian Utility A over Ontario	N/A	N/A		0.410%	A
Canadian Corporate BBB over Ontario	N/A	N/A		1.000%	BBB
Average of Canadian Utility A and Canadian Corporate BBB spreads over Ontario				**0.705%**	
Ontario Quasi-government Entities Credit Spread					
Hydro One 2.77% 2026 over Can 2025	364	9	0.9321%		A
Hydro One 3.91% 2046 over Can 2045	255	29	1.3631%		A
Hydro One 4.29% 2064 over Can 2048	45	31	1.5401%		A
Hydro One 4.59% 2043 over Can 2037	419	20	1.4743%		A
Hydro One3.79% 2062 over Can 2041	309	24	1.4660%		A
Hydro One 4% 2051 over Can 2041	220	24	1.4440%		A
Hydro One 4.39% 2041 over Can 2037	290	20	1.4009%		A
Hydro One 5.49% 2040 over Can 2037	447	20	1.4463%		A
Hydro One 6.03% 2039 over Can 2037	232	20	1.4461%		A
Hydro One 4.89% 2037 over Can 2029	341	12	1.7490%		A
Hydro One 5% 2046 over Can 2033	287	16	1.5957%		A
Hydro One 5.36% 2036 over Can 2029	475	12	1.7291%		A
Hydro One 6.59% 2043 over Can 2037	218	20	1.4866%		A
Hydro One 6.35% 2034 over Can 2037	253	20	1.3067%		A
Hydro One 6.93% 2032 over Can 2027	328	10	1.8026%		A
Hydro One 7.35% 2030over Can 2027	268	10	1.6778%		A
Hydro One 4.17% 2044 over Can 2037	320	20	1.3841%		A
Hydro One 3.72% 2047 over Can 2045	333	29	1.3031%		A
Lower Mattagami 2.307% 2026 over Can 2026	166	9	0.9212%		A
Lower Mattagami 4.944% 2043 over Can 2037	194	20	1.4695%		A
Lower Mattagami 4.176% 2046 over Can 2041	268	24	1.3886%		A
Lower Mattagami 4.175% 2052 over Can 2041	226	24	1.4401%		A
Lower Mattagami 5.139% 2041 over Can 2041	256	24	1.3881%		A
Weighted Average Spread over Government of Canada	6,514	18.456		1.431%	
Less: Ontario 20 year bond spread over Government of Canada				-0.884%	
Plus: Project specific risk spread				0.300%	
Average of quasi-government entity credit and project spreads				**0.847%**	
Average Credit and Project Risk Interest Rate Spread				0.806%	
Less: spread between long and median term bonds				-0.056%	
Recommended Proxy Commercial Interest Rate Spread (medium term)				**0.750%**	

From:	Lisa Stein
To:	Joan Dougherty
Cc:	Sarah Neville
Date:	Thursday, August 03, 2017 12:51:33 PM
Attachments:	Minister Directive for IESO Credit Facility Approval.pdf

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As requested

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

Ontario

Ministry of Finance

Approval Form

General Information

Item	Deputy Minister's Office Contact (Last Name, First Name)
IESO FAP Credit Facility	Tekle, Jonathan
Division **Corporate and Electricity Finance**	Branch Electricity Finance Branch
Date Prepared (yyyy/mm/dd) 2017/06/27	Prepared By (Last Name, First Name) He, Gavin
Minister's Approval Required ☑ Yes ☐ No	Date Approval Required (yyyy/mm/dd)
	Return To (Last Name, First Name) He, Gavin

Description

The IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation of the Ontario Fair Hydro Plan.

Standard Approval

Title	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Manager	Amara, Bruno		2017/06/27
Director	Kim, John		2017/06/28
Assistant Deputy Minister	Kwan, Rowena		2017/06/28
Chief Executive Officer	Murgman, Gord		2017/06/29
Associate Deputy Minister			
Deputy Minister			

Supplemental Approvals

Area	Name (Last Name, First Name)	Signature	Date (yyyy/mm/dd)
Corporate Services FIN	Hanslep, Malle		2017/06/28
Legal Services OFA	Stein, Lis		2017/06/28
Communication Services			

Comments

Deputy Minister's Office Tracking

File Name	File Location

Key Words

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: JUN 2 9 2017

Charles Sousa
Minister of Finance

From: Sarah Harris
To: Lisa Stein
Date: Monday, September 11, 2017 11:31:53 AM
Attachments: OPA IESO Amendment No 9 (Executed).pdf

Sarah Harris
Manager, Operations
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Ontario Financing Authority
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AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From: Joan Dougherty
To: Sarah Neville; Lisa Stein
Subject: Minister"s Directive
Date: Thursday, May 11, 2017 5:25:21 PM

Hi ladies - Salman emailed to say that there is one coming up re the OFA lending to the IESO related to Ontario's Fair Hydro Plan/Act.

Thanks

Joan Dougherty
Ontario Financing Authority
1 Dundas Street West
12th Floor
Toronto, Ontario, M7A 1Y7
Tel: 416-325-8833
Fax2mail: 416-204-6674
Fax: 416-327-9302

From: Lisa Stein
To: Anna Strathy; Lisa Stein
Subject: Missed conversation with Anna Strathy
Date: Thursday, October 05, 2017 3:37:20 PM

Lisa Stein 1:29 PM:

Hi Anna

Please let me know when it would be a good time to chat. I only need about 5-10 minutes.

Anna Strathy 1:42 PM:

Hi Lisa, I have time now!

Lisa Stein 2:22 PM:

It looks like I missed you. Please let me know the next time you are available

Lisa Stein 3:16 PM:

It is regarding FHP

Anna Strathy 3:35 PM:

you free?

From: William Tan
To: William Tan; Lisa Stein
Subject: Missed conversation with William Tan
Date: Tuesday, August 15, 2017 3:42:42 PM

William Tan 3:40 PM:

Hi Lisa,
i reviewed FHP CF draft you circulated on Friday.
do you want me to accept Victors changes and make my changes and send it back to you?
or we can chat.

From: William Tan
To: William Tan; Lisa Stein
Subject: Missed conversation with William Tan
Date: Friday, August 11, 2017 10:58:24 AM

William Tan 10:56 AM:

hi Lisa, I wanted to check with you in terms of your availability this afternoon to discuss next steps.
I owe Anthony and Victor a status update.
We can also discuss the FHP draft?

From: William Tan
To: William Tan; Lisa Stein
Subject: Missed conversation with William Tan
Date: Tuesday, August 08, 2017 12:21:58 PM

William Tan 10:42 AM:
Hi Lisa
how was your weekend?

Lisa Stein 10:43 AM:
Hi Will
I'm just on a call with MOF Legal

William Tan 10:43 AM:
okay
you WFH today?

Lisa Stein 10:45 AM:
yes

William Tan 11:13 AM:
Hi Lisa
i agree with having a call.
Should i include Mike and Ken?
Mike says the unsecured loan makes sense but it doesn't hurt to have a call.

Lisa Stein 11:14 AM:
business decision

William Tan 11:14 AM:
I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken's reply above

Lisa Stein 11:14 AM:
I require Mike's decision in writing

William Tan 11:15 AM:
Should i include Ken and Mike on this call?

Lisa Stein 11:16 AM:
business decision

William Tan 11:16 AM:
or are we going to provide them with a separate call?
we're not going to discuss (k) on the call right? i dont want to confuse the rest of the callers.
sorry, i dont know where the emicon came from
(k)
section k
every time i type k with brackets the emicon comes up.

Lisa Stein 11:33 AM:
No we are not going to discuss the legal drafting details
No worries about the emoticon lol

William Tan 11:34 AM:
Ken has a meeting at 1pm

Lisa Stein 11:34 AM:
2 pm or 3 pm?
Toby needs time to draft issues

William Tan 11:35 AM:
ken 2hr meeting
Bruno has a meeting at 3pm for 1hr
unless we try noon.
it would have to be tmw.
i can try an invite for noon, but its kinda short notice.

Lisa Stein 11:37 AM:
How about 4?
I haven't received an issues list from Toby
Noon is not great for me

William Tan 11:38 AM:
no worries

Lisa Stein 11:38 AM:
I'm available until 5:20 this afternoon

William Tan 11:39 AM:
Ken has a meeting from 3:30 TO 4:30
sigh
i dont know if people catch trains
i think Toby leaves at 4pm?

Lisa Stein 11:39 AM:
I think it might be getting late for Toby
Yes
Is everyone available for noon?
Pls check with Toby

William Tan 11:41 AM:
this is regarding the unsecured language right?
i can't get a hold of Toby to confirm.
can you run the meeting without Toby?
sorry, do we need this meeting?

Lisa Stein 11:46 AM:
I would like Toby to be involved. Once we have identified the issues we can perhaps send out an e-mail and then determine whether a call is still required. I'm in meetings all morning tomorrow so it would have to be tomorrow afternoon
please send a placeholder meeting for tomo afternoon in the meantime
He had a call right after our call so he probably hasn't had a chance to work on this
We have questions about implementation of the lending policy

William Tan 11:52 AM:
Optional for Ken and Mike?
can i call you?

Lisa Stein 11:57 AM:
i'll call you
I tried calling you, I'll call you after I speak to Toby again this aft

William Tan 11:58 AM:
okay

William Tan 12:19 PM:
i forgot to mention. im WFH. try my cell.

From:	William Tan
To:	William Tan; Lisa Stein
Subject:	Missed conversation with William Tan
Date:	Monday, October 23, 2017 1:18:19 PM

William Tan 11:43 AM:

Hi Lisa, are you in the office today?

William Tan 11:46 AM:

i noticed a couple things looking over the amending agreement No. 10.
Section 3.3 (6) &(7) is included in the FHP.
sorry the about the emicon.
Section 3.3. 6 & 7 is included in the FHP.
But not in the Amending Agreement No. 10.
Also, Section 4.6 Negative Pledge seems to be all there except for the mention of "material subsidiary".

William Tan 11:53 AM:

also, with todays update to the FHP, do I need to provide an explanation, or is this considered standard legal language?

Lisa Stein 11:59 AM:

You don't need to provide an explanation for today's update.
Please send me this type of information by e-mail next time (re amending agreement)
Just note to the IESO that we added an "entire agreement" clause.

William Tan 1:16 PM:

sure will do.
i'll email you the above.

From: Lisa Stein
To: William Tan
Subject: New Time Proposed: FHP Meeting

From: Ken Kandeepan
To: Lisa Stein; Sarah Neville
Subject: OEFC meeting this AM
Date: Friday, December 15, 2017 8:28:45 AM

Hi

I am really sorry to do this to you for the third time, however, if possible can we reschedule to Monday, my day is pretty free and since the Minister of Finance will be signing on the Fair Hydro documents today that issue should hopefully be put to bed EOD.

Thanks

Ken k

From:	Sarah Neville
To:	Tobias P. Whitfield (MOF)
Cc:	Lisa Stein; Sarah Harris; William Tan
Subject:	OFA Credit Facility to IESO - reduction from $975-$475
Date:	Tuesday, July 18, 2017 9:37:25 AM
Attachments:	RE IESO OFA new FH credit facility.msg

Hi Toby,

Hope you are having a good summer. Lisa is away and I am trying to move the IESO credit facility agreements forward in her absence. I understand that you have been involved in the new $2 billion line to fund the FHP. We are expecting feedback from IESO on that agreement in the next week or so, but in the meantime an issue has come up in respect of the "use of proceeds" under the other credit facility (the one being reduced to $475).

IESO has requested that the "use of proceeds" clauses in the Credit Facility be amended to simply permit borrowing for any purpose authorized by the Regulation. The IESO is currently using this line to fund FHP (which is permitted). In my view this would still be permitted under the reduced line even without the proposed change to the use of proceeds.

I am forwarding you an e-mail (attached) which includes what the ask is, the language in the current use of proceeds section, what the Regulation says and what the act permits. I am also forwarding (below in this e-mail) Sarah Harris' good summary of where all the loose ends have been tied up or remain loose. I realize you did not advise on this aspect of the FHP financing but I thought it might be prudent for you to be aware of this dynamic in the context of the $2billion line, in the event that what is being proposed is somehow problematic or inconsistent with what was envisioned/approved. I don't expect so, but want to make sure we are covering the basis.

Please let us know if you have any concerns or issues we should be aware of.

Thanks very much,

Sarah

From: Sarah Harris
Sent: Tuesday, July 18, 2017 9:07 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO Directives

Hi Sarah (N) and Will,

I am just back from vacation, but came back to have my son's foot fractured. As such, I will be at the fracture clinic this morning.

From what I can briefly reading the history in the past couple of days, as well as drawing on the history of this file, my comments are:

1) There was no directive put forward to reduce the size of the credit facility, as we (including Lisa S.) collectively agreed that no directive was required to 'reduce' the size of the facility. This was a request from IESO, and we are accommodating it.

2) Given that IESO's legal counsel were "tied up with higher priority matters" than getting both the new FHP facility and the amendment in place by July 1st, Lisa, Salman, Anthony (IESO), Will and I discussed reducing the size of the existing credit facility prior to putting the new $2B facility in place so that we don't go over the 'global' intended limit of $2.475B. In discussing this, Salman confirmed that the existing credit facility could be used to funding timing variances under the existing Regulation. In all of our discussions, there have been no conversations with IESO about overtly changing the Use of Proceeds under the existing facility, nor was any direction given on this matter.

   If changing the Use of Proceeds is something IESO wishes to do (given that there have been draws from timing differences under the existing facility – Will, please confirm if this is correct), then I suggest we have a call with IESO to discuss this option. We should internally have a quick meeting or call prior to the discussion with IESO.

   I am working from home today, and just about on my way to the fracture clinic. If possible this morning, might I suggest a quick internal meeting with Gavin (I don't need to be there) this morning to agree on the OFA's preferred direction, and then a call with Anthony this afternoon, if possible. Ultimately the Use of Proceeds is Electricity Finance's decision on whether/how to change it.

Thanks,
Sarah H

From: Sarah Neville []
To: William Tan [William.Tan@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
CC: Bruno Amara [Bruno.Amara@ofina.on.ca]; Sarah Harris [Sarah.Harris@ofina.on.ca]; Lisa Stein [Lisa.Stein@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 17, 2017 16:52:55

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments

25.33
(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments
(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are

determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits

(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)

Variance accounts

(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).

Compliance

(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.

Adjustment not assignable

(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.

No cause of action

(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.

Happy to discuss the above should you have questions.

Thanks very much,

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was

important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]

Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Date:	Friday, November 03, 2017 9:31:41 AM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Importance:	High

Hi Sarah,

Please see attached the latest draft as discussed and let me know if you would like to discuss further. If you are satisfied with this version, I will forward to Victor.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

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1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   “**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “$975,000,000” and substituting “$475,000,000” therefor.

3. The definition of “**Permitted Liens**” is amended by deleting the word “and” at the end of subsection (i); replacing the “.” at the end of subsection (j) and replacing it with “; and” ; and adding the following subsection (k):

   “(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   “Clean Energy Adjustment” has the same meaning as that term is defined in the OFHP.

   “**Continued Advance”** has the meaning specified in Section 3.3(1).

   “**Current Repayment Date**” has the meaning specified in Section 3.3(2).

   “**New Repayment Date**” has the meaning specified in Section 3.3(2).

   “OFHP” means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   “The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

6. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as

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permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

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(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **November 3rd, 2017** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder

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and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means ~~that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii)~~ the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date ~~on the Effective Date prior to the Effective Time~~, being:

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i. ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 3, 2017; and, ~~[INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

ii. ~~ii.~~ the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings ~~as~~ defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date~~; of this Amending Agreement~~ and,

iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

~~i.~~iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~14.~~17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement ~~No. 10~~ on the dates set out below, which shall come into effect as of the Effective Time as defined herein.~~as of the date first above written.~~

ONTARIO FINANCING AUTHORITY

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Per: _____ Date: November , 2017.
Name: ~~Michael D. Manning~~Gadi Mayman
Title: ~~Executive Director & Chief~~Chief Executive Officer
~~Investment Officer, Capital Markets Division~~

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____ Date: November , 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; William Tan
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2.docx
Date:	Thursday, November 02, 2017 12:32:50 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2.docx

Please see latest black-lined version attached, as discussed at our meeting this morning.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st [day of November, 2017 (the "**Effective Date**")

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~a.~~ "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as

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permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

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(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"**Section 5.7 Intercept**

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **November 3rd, 2017** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder

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and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Other Financial Transactions**" means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

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i. the advance of ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated [INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

~~ii.~~ the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement). ~~the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and~~

~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

~~14.~~15. After the Effective Time, ~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; Anthony Martinello
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Date:	Wednesday, November 01, 2017 5:06:33 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance:	High

Hi Victor,

Please find attached our latest draft of AA#10, with some further amendments blacklined. A further call with you and Anthony will likely be required to discuss our proposed changes to section 14. Please let Will know your availability for tomorrow and he will set up the call.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~21st [~~**NTD: VERIFY DATE – 21st?**~~]~~day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date:~~

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1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Credit Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount

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of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **[DATE]** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal

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to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Other Financial Transactions**" means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

i. the advance of ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated [INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing

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the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement).. ~~the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and~~

~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein on behalf of /O=OFA/OU=OFINA ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=LSTEIN
To:	Victor Buza
Cc:	Sarah Harris; William Tan; Anthony Martinello
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Date:	Wednesday, November 01, 2017 5:05:08 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance:	High

Hi Victor,

Please find attached our latest draft of AA#10, with some further amendments blacklined. A further call with you and Anthony will likely be required to discuss our proposed changes to section 14. Please let Will know your availability for tomorrow and he will set up the call.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~21st [~~**NTD: VERIFY DATE – 21st?**~~]~~day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date:~~

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1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Credit Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount

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of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

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(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **[DATE]** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal

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Commented [LS3]: NTD: This requires a date as the letter agreement will not be even dated with AA#10.

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to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Other Financial Transactions**" means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

i. the advance of ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated [INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing

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the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement).. ~~the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and~~

~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

~~10.~~15. After the Effective Time, ~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Sarah Harris
Cc:	John Kim; William Tan
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Date:	Wednesday, November 01, 2017 3:29:12 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance:	High

Hi Sarah,

Please see my comments and amendments on the attached version of AA#10. I have specifically highlighted some sections requiring further OFA program area review. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~21st [~~**NTD: VERIFY DATE – 21st?**~~]~~day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date:~~

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1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Credit Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount

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of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **[DATE]** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal

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Commented [LS2]: NTD: Added same language as new FHP Credit Facility Agreement

Commented [LS3]: NTD: This requires a date as the letter agreement will not be even dated with AA#10.

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to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Other Financial Transactions**" means those transactions between the Parties to be completed on the Effective Date prior to the Effective Time in relation to:

i. the advance of funds under a separate credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;

Commented [LS4]: NTD: To be amended in FHP Credit Facility Agreement

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ii. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and

iii. the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	"Victor Buza"
Cc:	Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Tuesday, October 31, 2017 1:18:21 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello Victor,

Please find attached the latest black-lined version of the OFA IESO Amending Agreement No. 10. In this version, we have made amendments to the effective date of the agreement, Permitted Liens, Section 5.2 Acceleration of Maturity; Rescission and Annulment, Section 5.7 Intercept (To be replaced with finalized language from new FHP credit facility agreement) and Section 7.9 Entire Agreement.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~22nd day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Date:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

Commented [LS1]: NTD: Replace with finalized language from new FHP credit facility agreement

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement, including the schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~14. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Monday, October 30, 2017 3:33:57 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

I've made some additional amendments to the latest draft, attached, to incorporate the Effective Date.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~22nd day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Date:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement, including the schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~14. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan; Sarah Harris
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx
Date:	Monday, October 30, 2017 11:02:32 AM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Latest draft

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of ~~September~~October, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

Section 7.9 Entire Agreement

This Agreement, including the schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~14. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as

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Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	OFA IESO Amending Agreement No 10 - Execution Version v3 blacklined.docx
Date:	Friday, October 06, 2017 2:29:17 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version v3 blacklined.docx

Hi Will,

Please find attached amending agreement #10 with the latest updates. We should still wait to send these to IESO until we know how we are going to proceed regarding the intercept provisions.

On another note, have the borrowing notice and election notice already been updated to reflect the new credit facility agreement notice language?

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of ~~September~~October, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

~~7.~~8. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~9. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~10. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~11. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Date:	Friday, November 03, 2017 9:53:28 AM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Importance:	High

Hi Victor,

Please find attached the latest version of AA#10, incorporating that changes that you have requested. We have also included additional language pertaining to the "Transfer of Funds". Please let us know your thoughts and if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

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1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   “**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “**Commitment**” in Section 1.1 of the Credit Agreement is amended by deleting “$975,000,000” and substituting “$475,000,000” therefor.

3. The definition of “**Permitted Liens**” is amended by deleting the word “and” at the end of subsection (i); replacing the “.” at the end of subsection (j) and replacing it with “; and” ; and adding the following subsection (k):

   “(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   “Clean Energy Adjustment” has the same meaning as that term is defined in the OFHP.

   “**Continued Advance”** has the meaning specified in Section 3.3(1).

   “**Current Repayment Date**” has the meaning specified in Section 3.3(2).

   “**New Repayment Date**” has the meaning specified in Section 3.3(2).

   “OFHP” means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   “The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

6. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as

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permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

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(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **November 3rd, 2017** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder

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and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means ~~that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii)~~ the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date ~~on the Effective Date prior to the Effective Time~~, being:

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i. ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 3, 2017; and, ~~[INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;~~

ii. ~~ii.~~ the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings ~~as~~ defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date~~; of this Amending Agreement~~ and,

iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

~~i.~~iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

~~14.~~17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement ~~No. 10~~ on the dates set out below, which shall come into effect as of the Effective Time as defined herein.~~as of the date first above written.~~

ONTARIO FINANCING AUTHORITY

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Per: _____ Date: November , 2017.
Name: ~~Michael D. Manning~~Gadi Mayman
Title: ~~Executive Director & Chief~~Chief Executive Officer
~~Investment Officer, Capital Markets Division~~

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____ Date: November , 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein on behalf of /O=OFA/OU=OFINA ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=LSTEIN
To:	Sarah Harris; William Tan
Subject:	OFA IESO Amending Agreement No 10 OFA Markup Sep7.docx
Date:	Thursday, September 07, 2017 1:36:35 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Markup Sep7.docx

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Hi Sarah and Will,

Please see attached mark-up with my comments (intended for OFA internal use). If you would like to discuss further please do not hesitate to contact me.

Thank you,

Lisa

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [VB1]: NOTE – consider changing ultimate repayment date to later than December 31, 2019 to align with FHP dates.

Commented [LS2]: Sarah/Will – Discussed via separate e-mail

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"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid ~~or re-paid~~ by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form ~~of the grid note~~ attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new ~~grid promissory note~~Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

Commented [LS3]: Sarah/Will – Is this deletion more accurate? The original language is consistent with the draft FHP credit facility agreement

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Commented [LS4]: Sarah/Will – please note. Requires completed Grid Note with numbers.

Commented [A5]: As of August 21, 2017. IESO to confirm.

Commented [LS6]: This amount needs to be confirmed prior to execution of agreement

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

~~Election Notice~~**I. ELECTION NOTICE**

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

~~Borrowing Notice~~**II. BORROWING NOTICE [to be included if applicable]**

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the **"Grid"**)~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note ~~Note~~ together with all interest accrued thereon shall become due and payable as specified in the c~~C~~redit a~~A~~greement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). ~~All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Commented [LS7]: Note to Sarah/Will – Please ensure that you provide IESO with actual completed Grid Note; this is just the form

Commented [VB8]: The term "Note" is not defined in the Agreement as far as I can tell, having checked all amendments. It occurs 6 times on this page. In the 2nd para, the term "grid promissory note" is also used and means the same thing. These should be consistent. "Note" should be defined, or we could use "Grid Note" throughout, but again it's preferable for it to be defined in some manner.

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Commented [VB11]: The original 2005 agreement is not defined as or entitled "Credit Agreement", so this occurrence should be lower case.

Commented [LS12]: "Grid Note" now defined in s. 3.2 of Credit Agreement.

By:_____

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan; Sarah Harris
Cc:	Shajee Kathirgamanathan
Subject:	OFA IESO Amending Agreement No 10 OFA Markup Sep7.docx
Date:	Thursday, September 07, 2017 1:52:30 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Markup Sep7.docx

Hi Sarah and Will,

Please see attached mark-up, containing suggested amendments and comments for your review. For ease of reference I've deleted some comments that have already been addressed. If you would like to discuss further please do not hesitate to contact me.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [VB1]: NOTE – consider changing ultimate repayment date to later than December 31, 2019 to align with FHP dates.

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"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid ~~or re-paid~~ by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form ~~of the grid note~~ attached hereto as Schedule 3 (the **"Grid Note")** and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new ~~grid promissory note~~Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

Commented [LS2]: Sarah/Will – Is this deletion more accurate? The original language is consistent with the draft FHP credit facility agreement

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Commented [LS3]: Sarah/Will – please note. Requires completed Grid Note with numbers.

Commented [A4]: As of August 21, 2017. IESO to confirm.

Commented [LS5]: This amount needs to be confirmed prior to execution of agreement

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

~~**Election Notice**~~**I. ELECTION NOTICE**

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

~~Borrowing Notice~~**II. BORROWING NOTICE [to be included if applicable]**

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the **"Grid")**~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note ~~Note~~ together with all interest accrued thereon shall become due and payable as specified in the c~~C~~redit a~~A~~greement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). ~~All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.~~

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

MT DOCS 14791871

Commented [LS6]: Note to Sarah/Will – Please ensure that you provide IESO with actual completed Grid Note; this is just the form

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By:_____

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Cc: Sarah Neville
Subject: OFA lending policy re security
Date: Friday, August 04, 2017 12:31:58 PM

Hi Toby,

After discussing this matter with Sarah Neville, I wanted to share with you some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the ultimate policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset. This is a question best addressed by the business/policy people in CEFD.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status to be confirmed*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (pursuant to O.Reg. 632/94, the IESO is a "public body" for the purposes of CIPA). As such, the structure of this loan as set out in the draft agreement is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I'm not aware of any direction requiring this to be a secured loan.

In terms of the intercept provisions (which as you know are required pursuant to s. 23 of CIPA), it is unclear whether adding such provisions to the FHP credit facility agreement will provide further comfort. Do you know if there is currently an agreement in place between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement? Is this something to be further discussed with Energy? Is this a moot point? I would appreciate your thoughts on this issue.

Happy to discuss further,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: William Tan
To: Sarah Harris; Salman Qadir; Lisa Stein
Subject: OFHP - June 28 meeting summary
Date: Monday, July 10, 2017 4:55:09 PM

Hello all,

Below is a number of topics discussed internally and eventually with Anthony of IESO.

IESO has not completed its review of the documents relating to the new OFHP Credit Facility Agreement and Amending Agreement 10 (existing IESO OFA Credit Facility) by July 1. (Update: First round of IESO draft comments for Amending Agreement 10 was received on July 7) As a result, the new and existing credit facilities will not be in place in time of the targeted set-up date of July 1. According to Anthony Martinello of IESO, their legal department has a number of competing issues and limited resources. Anthony, estimated that the Amending Agreement 10, would be completed mid-July and new credit facility would be completed by the end of July. IESO is currently drawing on the existing credit facility categorized as Regulated Price Plan (RPP) under the FHP related financing and does not plan to exceed $475 million.

IESO's request for a new FHP $2 billion Credit Facility was predicated on the reduction of the existing credit facility by $500 million dollars. This information was included in the briefing material (LRC Approval Form) to assist the Ministry of Finance in its decision to approve the order in council and directive.

In order to proceed in a manner consistent with the FHP loan framework presented to the Minister of Finance (i.e. an existing credit facility reduced to $475M plus a new $2B FHP credit facility, with a combined limit of $2.475 B), IESO and OFA agreed that we will reduce the existing credit facility from $975 million down to $475 million before completing the new $2 billion credit facility.

Reducing the $975M credit facility first mitigates, the possibility of IESO exceeding the $475 million revised borrowing limit requested by IESO on the existing credit facility, and ensures that the total $2.475B 'borrowing limit' for FHP purposes is not exceeded. Anthony has also noted that IESO has an existing credit facility with TD Bank. In the unlikely event of IESO exceeding borrowing requirements of $475 million between now and execution of the of the amending agreement, IESO indicated they would use their other credit facility at TD Bank instead to bridge the funding gap until such time as the new $2 billion credit facility is in place. It was also internally agreed that that in the event IESO does exceed $475 million before the existing credit facility is reduced, the remedy would be to reduce the $2 billion credit facility by the same amount.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Tobias P. Whitfield (MOF); Salman Qadir
Cc:	Lisa Stein; Sarah Harris
Subject:	OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 1:26:56 PM

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Caroline Swerdlyk
To:	William Tan
Cc:	Lisa Stein; Sarah Harris; Sarah Neville; Tobias P. Whitfield (MOF)
Subject:	OFHP OFA Prom note (draft) + $2Billion OIC
Date:	Thursday, August 31, 2017 12:12:35 PM
Attachments:	OFHP OFA borrow from Province Prom Note v3 (OFA legal markup).doc OC-1279-2017.pdf

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Hi Will,

I reviewed the draft Promissory Note against the OIC, and noticed a discrepancy in the wording used in s. (d)(i) of the Prom Note. I have amended it (attached) to align with the wording in the OIC.

I've cc'd Toby since he is also reviewing this – Toby, could you please let me know if you are okay with this change, or would like to discuss?

Thanks,

Caroline

Caroline Swerdlyk

Legal Counsel

ext. 5-8141

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days ~~or longer~~, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province

of Ontario treasury bills immediately preceding ~~on~~ the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the ~~1st~~ day of ~~July~~, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on

ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales

créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

Deb Matthews

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : JUN 28 2017

Lieutenant Governor
La lieutenante-gouverneure

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	OFHP OFA Prom note (draft)
Date:	Wednesday, June 14, 2017 12:11:23 PM
Attachments:	OFHP OFA borrow from Province, Prom Note (draft).rtf

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Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

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(i) Two Billion Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(d) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(e) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(f) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(g) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:
Gadi Mayman
Chief Executive Officer

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Sarah Neville; Sarah Harris; Lisa Stein
Subject:	OFHP OFA Prom note (draft)
Date:	Wednesday, August 30, 2017 1:47:06 PM
Attachments:	OFHP OFA borrow from Province, Prom Note v3.doc

Hello Caroline,

When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Wednesday, June 28, 2017 3:24 PM

To: William Tan

Subject: RE: OFHP OFA Prom note (draft)

Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)

Good morning Toby,

I updated the table only to be consistent with more recent precedent. Please review and comment.

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 26, 2017 2:15 PM

To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

Commented [WT1]: Lisa, what type of additional written authorization is required for the Minister to specify 'the amount determined by the Minister of Finance" or is this handled by the Directive that is being drafted?

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 1st day of July, 2017.

Commented [WT2]: Lisa, what date should we use?

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: OFHP credit facility agreement
Date: Thursday, August 03, 2017 12:55:43 PM

Hi Toby,

Are you available sometime this afternoon to discuss some questions pertaining to the OFHP credit facility agreement between the OFA and the IESO? If so, please let me know your availability. I'm just updating the latest draft agreement which I will send to you once we confirm a meeting time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date:	Thursday, June 22, 2017 11:17:04 AM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance:	High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [LS1]: Consistent with Directive

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Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP,

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the~~ such Advance."

Section 2.3 ~~Commitment and~~ Credit Facility Limit~~s~~.

The Advances Outstanding ~~to the IESO under the Short Term Credit Facility~~ outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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Commented [LS17]: As noted earlier, change to "Credit Facility" throughout

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS18]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS19]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT20]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS21R20]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS22]: Change to defined term throughout

Commented [LS23]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~OFA's~~ Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS24]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed? Appears redundant.

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1,~~ The IESO will at all times maintain its corporate existence.

Commented [LS27]: Deleted s. 7.1 as n/a in this context

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the

judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS28]: Keep?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~OFA's~~ Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Dd~~d~~ays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
~~CONSOLIDATION, AMALGAMATION, MERGER OF IESO~~

Commented [LS33]: N/A in context of IESO

~~Section 7.1 Certain Requirements in Respect of Merger, etc.~~

~~IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~Section 7.2 Successor Substituted.~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.~~

ARTICLE 8
GENERAL

Commented [LS34]: Change numbering throughout and references if applicable

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS35]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) [Identify Advance in question] ~~The date of the proposed election, being a Business Day is _____;~~
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS36]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Kenneth Russell
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Thursday, June 22, 2017 10:08:47 AM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

a~~A~~s Lender

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a~~s~~ statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(~~the "OFA"~~)(as Lender)

RECITALS:

WHEREAS t~~T~~he IESO has requested a ~~short term~~ revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of ~~its funding from the OFA to~~ supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

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Commented [LS1]: Consistent with Directive

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ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [LS4]: As per Sarah H.'s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~"**Note**" means the notes of IESO issued under this Agreement.~~

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such ~~Material~~ Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [LS6]: I don't think this is necessary. Otherwise there are already references to "Credit Facility" throughout. There are also references to "Grid Note" in Schedule 3.

Commented [LS7]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

Commented [LS8]: As per Sarah's comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

Commented [LS9]: Delete as per above?

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Commented [LS10]: Delete if references to "Subsidiary" deleted

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

~~(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,~~

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the OFHP,

(2) ~~With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, T~~the IESO is expected to recover or repay ~~such~~ the proceeds for each Advances ~~over~~ a period of no more than 12 months from the date of ~~the~~ such Advance."

Section 2.3 Commitment and Credit Facility Limits.

The Advances Outstanding ~~to the IESO~~ under the ~~Short Term~~ Credit Facility ~~outstanding~~ shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no ~~re~~payment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

Commented [LS11]: Salman please update this section

Commented [WT12]: Salman and Lisa, please comment if this regulation still applies?

Commented [LS13R12]: No. See below

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Commented [LS14]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [WT15]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Commented [LS16]: As per internal e-mail chain. IESO to confirm - Short to medium?

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(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Commented [LS19]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA

Commented [LS20]: Why are there references to the Province?

hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the ~~grid promissory note~~ Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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Commented [WT21]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Commented [LS22R21]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

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Commented [LS23]: Change to defined term throughout

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The ~~Note~~ Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

Commented [LS24]: Confirm?

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~IESO~~ Grid Note ~~promissory note~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS25]: If referring to Subsidiaries in agreement, include here as well?

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

Commented [LS26]: Why was this changed?

The IESO will duly and punctually pay ~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and~~ all ~~other~~ amounts owing under this Agreement in accordance with the terms ~~and~~ and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Commented [LS27]: See comments re: s. 7.1; possibly delete

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may ~~require~~ request from time to time.

Commented [LS29]: Should we include a timeline? E/g within X business days of request?

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any ~~Loan~~ Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the ~~principal amount of~~ any ~~Advance~~ Advance when it becomes due and payable, if such failure continues ~~and all interest accrued thereon on the applicable Repayment Date~~ for a period of 3 Bbusiness Dd~~d~~ays; ~~and any other amounts owing under this Agreement when due;~~

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement,

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [WT31]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS32R31]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS33]: Discussion required.

Section 7.1 Certain Requirements in Respect of Merger, etc.

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IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

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Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this ~~Amending~~ Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____ ~~Name:~~

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "~~Company~~IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~Company~~IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS34]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the ~~Company~~IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the ~~grid promissory note~~Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the ~~Company~~IESO.

The ~~Company~~IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the ~~Company~~IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

~~Line of~~ Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 12:37:38 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance:	High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS4]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT5R4]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH6]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS7]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS8]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS9]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT10R9]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS11R9]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short-Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS12]: Make sure definition updated.

Commented [WT13]:

Commented [WT14R13]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT15]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS16]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS17]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT18]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS19]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS20]: Why was this changed? Appears redundant.

Commented [WT21R20]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS22R20]: Add back original language (pre-amendment)

Commented [LS23]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS24]: Deleted s. 7.1 as n/a in this context

Commented [WT25R24]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS26]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS27]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS28]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS29]: N/A in context of IESO

Commented [WT30R29]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS31]: Change numbering throughout and references if applicable

Commented [SH32R31]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS33]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT34]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT35]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Bruno Amara; John Kim
Cc:	William Tan; Sarah Harris; Sarah Neville; Jean-Francois Beaupre
Subject:	Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 2:35:44 PM
Importance:	High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the

assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 9:54:43 AM
Importance: High

DRAFT

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations. My understanding is that the IESO is consolidated with the Province's books, but that may not mean that the Province is liable for all of IESO's obligations. However, I am not sure about the underlying facts.

In light of these issues it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein
To: William Tan; Sarah Harris
Cc: Tobias P. Whitfield (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 10:08:55 AM
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: PortalSupport@ofina.on.ca
To: Lisa Stein
Subject: Project "IESO FHP Credit Facility Agreement 2017 and IESO Amending Agreement " has been Created
Date: Thursday, June 08, 2017 3:22:08 PM

CMS Project 'IESO FHP Credit Facility Agreement 2017 and IESO Amending Agreement ' has been created. The project site can be viewed at http://portal.ofina.on.ca/sites/cms/legal/LE10-00-2017-022.

From: PortalSupport@ofina.on.ca
To: Lisa Stein
Subject: Project "IESO-OEFC credit facility agreement amendments FHP" has been Created
Date: Thursday, November 09, 2017 11:48:03 AM

CMS Project 'IESO-OEFC credit facility agreement amendments FHP' has been created. The project site can be viewed at http://portal.ofina.on.ca/sites/cms/legal/LE10-07-2017-003.

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 3:18:10 PM
Attachments:	$475M Amending Agreement No. 10, OFA borrow from Province Prom Note.doc $2B OFHP OFA borrow from Province Prom Note.doc

Hello Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Four Hundred Seventy-Five Million Dollars~~Two Billion Dollars~~; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Four Hundred Seventy-Five Million Dollars~~Two Billion Dollars~~;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by ~~December 31, 2047~~January 1, 2041;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Four Hundred Seventy-Five Million Dollars~~Two Billion Dollars~~;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 21~~(·)~~ day of November~~(·)~~, 2017.

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$475 MILLION~~2 BILLION~~ OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, November~~JULY~~ 21~~1~~, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of

Ontario treasury bills immediately preceding the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the (·) day of (·), 2017.

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From:	William Tan
To:	Tobias P. Whitfield (MOF); Lisa Stein
Cc:	Sarah Harris
Subject:	Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 3:43:25 PM
Attachments:	$475M Amending Agreement No. 10, OFA borrow from Province Prom Note.doc $2B OFHP OFA borrow from Province Prom Note.doc

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Four Hundred Seventy-Five Million Dollars~~Two Billion Dollars~~; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Four Hundred Seventy-Five Million Dollars~~Two Billion Dollars~~;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by ~~December 31, 2047~~January 1, 2041;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Four Hundred Seventy-Five Million Dollars~~Two Billion Dollars~~;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day

period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(g) despite paragraph (b), interest on any portion of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the Borrower receives payment of interest under the relevant Third Party Loan; and

(h) despite paragraph (b), any portion of the principal of an Advance made to the Borrower under the loan that is loaned by the Borrower as a Third Party Loan shall become payable only to the extent the Borrower receives repayment of principal under the relevant Third Party Loan.

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Date as of the 21~~(·)~~ day of November~~(·)~~, 2017.

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$475 MILLION~~2 BILLION~~ OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, November~~JULY~~ 21~~1~~, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion Dollars; and

(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires provided that the aggregate amount advanced shall not exceed Two Billion Dollars;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances plus any accrued interest shall be fully repaid by December 31, 2047;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows

(i) from the date of Advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to the yield earned on ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of

Ontario treasury bills immediately preceding the Reset Date as determined by the Province;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance so loaned shall be adjusted at the option of the OFA effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either:

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less an amount not exceeding 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid to the OFA, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

(e) despite subparagraphs (c)(ii) and (iii) in the event that no interest is payable to the Borrower under a Third Party Loan, no- interest shall be payable by the Borrower on the portion of the Advance so loaned and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period;

(f) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

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Date as of the (·) day of (·), 2017.

Ontario Financing Authority

Per:

Gadi Mayman

Chief Executive Officer

$2 BILLION OF A PROMISSORY NOTE TO PROVINCE OF ONTARIO, JULY 1, 2017

Date	PRINCIPAL ADVANCED	RATE	PAYMENT DATE	INTEREST AMOUNT	AMOUNT OF		NOTATION MADE BY
					REPAYMENT OF PRINCIPAL	PAYMENT OF INTEREST	

From: William Tan
To: Anthony Martinello; "Victor Buza"
Cc: Jean-Francois Beaupre; Kelly Listoe; Sarah Harris; Bruno Amara; Gavin He; Lisa Stein
Subject: Proposed Timeline
Date: Monday, July 24, 2017 2:30:54 PM

Hello Anthony and Victor,

I want to share my proposed timeline with you. I've created this for planning purposes and for managing our own schedules. According to Anthony's email below, we hope to have the $2 billion credit facility set up by mid-August. I'm trying to be aggressive with my time line to account for any time slippage.
Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.

Time Table

Date	Action	Action required by Group
July 24, 25	Amending Agreement 10 (AA10), provide comments/accept changes.	IESO
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO
July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature.	IESO

	Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	

Thanks,

Will

From: William Tan
Sent: Monday, July 24, 2017 2:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Correct, I'll pass that along as soon as I know. I expect little to no change from them.

From: Lisa Stein
Sent: Monday, July 24, 2017 2:06 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Thanks William. I understand that we are currently awaiting comments from IESO on the amending agreement? Please let me know once legal review is required.

Thanks,

Lisa

From: William Tan
Sent: Monday, July 24, 2017 2:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Lisa,

Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.
I've created a table for planning purposes and for managing our own schedules. According to Anthony's email below, he hopes to have the $2 billion credit facility set up by mid-August.
I'm trying to be aggressive with my time line to account for any slippage.

Time Table

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO
July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From: Bruno Amara
To: Sarah Harris; Lisa Stein; William Tan
Cc: Shajee Kathirgamanathan; Tobias P. Whitfield (MOF)
Subject: Questions re Intercept Provision
Date: Monday, August 14, 2017 10:51:26 AM

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

> *1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.*

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling.

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that

would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take

security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca

Phone: 416-325-1456

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From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: $120M Note - amending agreement no.7 (blackline to no.6) rev.docx
Date:	Wednesday, November 29, 2017 11:35:35 AM
Attachments:	$120M Note - amending agreement no.7 (Lisa changes) rev.docx $160M revolving credit - amending agreement no.7 (Lisa Changes blackline).docx $160M revolving credit - amending agreement no.7 (Lisa Changes clean).docx

Hi Lisa,

I agreed with your changes and completed the suggested amendments. Please find them attached and let me know your comments.

Thank you,
Ryan

From: Lisa Stein
Sent: Wednesday, November 29, 2017 10:49 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: $120M Note - amending agreement no.7 (blackline to no.6) rev.docx

Hi Ryan,

Please see attached a black-lined version of AA no. 7 with my suggested amendments and comments. Please review and send me a revised version for review (black-lined from my version)

I have not yet reviewed the Amending Agreement for the $160M note – please use these amendments to update that amending agreement (where required) and then send me an updated version for review.

Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the [DATE], 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the Ontario Fair Hydro Plan Act.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1.
The following definitions are added to Section 1.1 (Definitions) of the Agreement:

"Clean Energy Adjustment" has the same meaning as that term is defined in the Ontario Fair Hydro Plan Act, 2017.

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

Commented [LS1]: Add

Commented [RB2R1]: Used same definition as the one used in IESO-OFA Revolving Credit Facility Agreement executed on Nov 6, 2017

Commented [LS3]: Add definition

Commented [RB4R3]: Added

.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

Commented [LS5]: Confirm title

Commented [RB6R5]: Confirmed

AMENDING AGREEMENT NO. ~~6~~7

This Amending Agreement is effective as of the •~~30~~ day of •~~April~~, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL ~~–~~CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014~~, and~~ Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $~~95~~ 160 million.

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);~~

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;~~

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;~~

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the Ontario Fair Hydro Plan Act.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as ~~–~~follows:

1.
The following definitions are added to Section 1.1 (Definitions) of the Agreement:

"Clean Energy Adjustment" has the same meaning as that term is defined in the Ontario Fair Hydro Plan Act, 2017.

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

~~1. Section 1.1 Definitions of the Agreement is amended as follows:~~

~~i) The definition of "Amalgamation" is deleted.~~

~~ii) The definition of" Commitment" is deleted and replaced with:~~

~~**"Commitment"** means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.~~

~~iii) A definition of **"IESO Corporate Requirements"** is added as follows:~~

~~"IESO Corporate Requirements" means any borrowing purposes authorized by 0. Reg. 280/14 made under the Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.~~

~~iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:~~

~~**"Ontario's Fair Hydro Plan"** means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.~~

~~v) The definition of "New IESO" is deleted.~~

~~vi) The definition of "Note" is deleted and replaced with:~~

~~"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.~~

~~vii) The definition of "OPA" is deleted.~~

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the tenns and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief ~~Operating~~ Investment Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid ("Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23,2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, ~~and~~ by Amending Agreement No. 6 dated April 30, 2017, and by Amending Agreement No. 7 dated •, •, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be prima facie evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO. IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

Formatted: Font: 12 pt

AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

as Borrower

AND: ONTARIO ELECTRICITY FINANCIALCORPORATION ("OEFC")

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million.

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the Ontario Fair Hydro Plan Act.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1.
The following definitions are added to Section 1.1 (Definitions) of the Agreement:

> "Clean Energy Adjustment" has the same meaning as that term is defined in the Ontario Fair Hydro Plan Act, 2017.
>
> "OFHP" means the *Ontario Fair Hydro Plan Act, 2017,* S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

   (l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation,

amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid ("Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23,2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, by Amending Agreement No. 6 dated April 30, 2017, and by Amending Agreement No. 7 dated •, •, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be prima facie evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO. IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: $160M revolving credit - amending agreement no.7 (Lisa Changes blackline) -LS comments.docx
Date:	Wednesday, November 29, 2017 2:13:29 PM
Attachments:	$160M revolving credit - amending agreement no.7 -LS comments.docx

Hi Lisa,

As per your previous email, I reviewed the previous amending agreements and the only relevant amendment was in Amending Agreement No. 6 dated April 30, 2017. In that Amending Agreement a definition of Ontario's Fair Hydro Plan was added. As a result, I changed the attached agreement with language to "delete and replace" rather than just "add" the revised definition of OFHP. I also included your suggested edits in the attached. Please let us know if you have any comments.

Thank You,
Ryan

From: Lisa Stein
Sent: Wednesday, November 29, 2017 12:45 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: $160M revolving credit - amending agreement no.7 (Lisa Changes blackline) -LS comments.docx

Hi Ryan,

Please see my comments and suggested amendments, attached (similar to previous amending agreement). However, as per my earlier e-mail, before proceeding, we need to ensure that there were no relevant amendments under the previous amending agreements.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIALCORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million.

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definition is added to Section 1.1 (Definitions) of the Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

2. The definition of "Ontario's Fair Hydro Plan" originally added to Section 1.1 (Definitions) in Amending Agreement No. 6 dated April 30, 2017 is deleted and replaced with:

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

3. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

From: Caroline Swerdlyk
To: Lisa Stein
Subject: RE: (draft) OFHP IESO waiver_.OFA legaldocx.docx
Date: Thursday, March 08, 2018 3:50:16 PM

Hi Lisa – I skimmed through the document. Should the signing entity be the OFA not the OEFC?

Caroline

From: Lisa Stein
Sent: Thursday, March 08, 2018 3:47 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: (draft) OFHP IESO waiver_.OFA legaldocx.docx

Hi Will,

Please see attached my suggested black-lined amendments and comments on the draft waiver.

In addition to the attached comments, have you considered how this daylight borrowing period will work from an operational point of view, for both the new Proposed Advance and the Continued Advance? Will interest still be applicable and how will it be calculated? Do we need to specify further details in the waiver?

As I will be away on vacation starting tomorrow, I have copied Caroline on this e-mail. As previously noted, she will be able to assist you in my absence.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	John Kim
To:	Lisa Stein; Malle Hanslep (MOF)
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 10:28:22 AM

Ok, great. Thanks Lisa, Malle.

From: Lisa Stein
Sent: Friday, August 18, 2017 9:59 AM
To: John Kim ; Malle Hanslep (MOF)
Cc: Sarah Harris ; Tobias P. Whitfield (MOF) ; Kenneth Russell ; Bruno Amara ; Shajee Kathirgamanathan
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.

Thank you,

Lisa

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]

Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
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From:	Lisa Stein
To:	John Kim; Malle Hanslep (MOF)
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 9:59:07 AM

Hi John,

I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.

Thank you,

Lisa

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
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Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
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416-325-2320

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From:	Hanslep, Malle (MOF)
To:	John Kim; Lisa Stein
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 9:35:06 AM

Hi John,
I don't have any additional comments on this. My "whereas" comment was about the wording of the directive.
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 17, 2017 7:52 PM
To: Hanslep, Malle (MOF); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
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John

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Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 8:25:21 AM
Attachments:	OFA Lending Policy, December 1997.pdf

Here is the OFA's lending policy from 1997. I just got a hold of it on Wednesday.

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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OFA LENDING POLICY:
FOR OFA LENDING UNDERTAKEN as an INTERMEDIARY of the PROVINCE

SCOPE

- This policy addresses lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS and EXCEPTIONS

- Any amendment or exception to this policy must be approved by the OFA Board of Directors.

POLICY RULES

1. Role of OFA as a Lending Intermediary

a. The OFA will not lend funds to public bodies, other than as an intermediary of the Province, without the prior approval of the OFA Board.

b. The OFA will advance loans to Crown Agencies and Other Public Bodies where the Province supports the provision of Provincial financing and it is advantageous to the Province for the OFA to provide the loan.

c. The OFA will not receive a fee from the Province or earn a profit for lending activities where it is acting as an intermediary on behalf of the Province.

2. OFA Loan Approvals

a. The OFA shall annually approve a borrowing plan for the OFA that identifies:

(i) the OFA's borrowing requirements for the year from the Province and any other sources; and

(ii) the projects or purposes for which the borrowed funds will be used, including loans to public bodies for specific projects and contingencies.

b. Where Cabinet, Management Board of Cabinet or the Minister of Finance requests the OFA to advance a loan to a public body or authorizes the public body to borrow from the OFA, no further OFA Board approval is required.

c. Where the Province has approved the provision of Provincial financial support to a public body, but has not specifically referred to a role for the OFA, the OFA will advance the loan only where:

(i) either the Chief Executive Officer of the OFA and the Director of Corporate Finance or a committee of the OFA Board or the Board has authorized the OFA to advance the loan; and

(ii) there is a sufficient allocation for the loan (specifically or as a contingency allocation) in the annual borrowing plan for the OFA approved by the Board.

d. The Board will be advised, at its next regularly scheduled meeting, of any potential or actual deviations from the annual borrowing plan resulting from a loan referred to in paragraph 2(b).

3. OFA Loan Terms and Conditions

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA will adhere to the lending terms and conditions outlined in the Appendix.

4. OFA Loan Reporting Requirements

a. A report outlining the status of all loans outstanding will be tabled with the OFA Board annually and at such other times as the OFA Board requests.

b. For each loan outstanding, such report will identify: the borrower; the authority under which the loan was advanced; the purpose of the loan; the current status of the loan; the principal amount outstanding; the major terms and conditions; and such other information as the OFA Board may request.

SCOPE

- These policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province.

INTRODUCTION

- The OFA lending policies address the following matters related to loan terms and conditions:

  - conditions precedent
  - advances
  - repayments
  - interest rate
  - loan security

- Since these policies address lending activities undertaken where the OFA is acting as an intermediary on behalf of the Province, they are designed to be consistent with the public policy or economic rationale for the provision of Provincial financial support. In addition, they match commercial lending policies where that is advantageous to the Province.

OFA LOAN TERMS and CONDITIONS

a. Where Cabinet, Management Board of Cabinet or the Minister of Finance has requested that the OFA advance a loan to a public body with specific terms or conditions, the OFA will comply.

b. Otherwise, the OFA should adhere to the lending terms and conditions described in this Appendix.

CONDITIONS PRECEDENT

Commercial Standard

- Prior to making a loan, a commercial lender would ensure that the borrower had sufficient authority to execute the loan.

- Generally, an entity's authority to enter a loan may be determined by a review of its enabling legislation, by-laws and resolutions of its Board of Directors.

Provincial Public Policy or Economic Considerations

- Unlike a commercial lender, the OFA can only lend to public bodies.

- Public bodies are defined in subsection 29(1) of the *Capital Investment Plan Act, 1993* and include scheduled Crown Agencies, colleges and universities, hospitals, municipalities and school boards and an entity included in regulations to the Act.

OFA Lending Policy Rule: Conditions Precedent

1. Prior to lending funds, the OFA will ensure that the borrower is a public body, has the authority to borrow and the Province has agreed to provide it with the requested financial support.

ADVANCES

Commercial Standard

- Loan advances over a number of months and years may be required to finance the development cost for a project. A loan agreement may provide for interest costs to be capitalized during a project development period followed by a term loan to take-out the total capitalized cost of the project. Alternatively, a single loan advance may be required to finance the acquisition of an asset.

- Where a commercial lender is making a secured project loan, it may seek evidence that loan advances are applied to legitimate project expenditures and that the total cost to complete the project have not increased. The lender would generally have the right to take significant action in the event that the borrower did not fulfill its loan obligations.

- Where a commercial lender is making an unsecured loan, such as a revolving line of credit, it is generally less interested in monitoring how the borrower is utilizing the funds because it expects the borrower to be able to repay the loan from its general revenues.

Provincial Public Policy or Economic Considerations

- Where the Province has used the OFA to provide financing to Crown Agents such as the Ontario Transportation Capital Corporation or the Metro Toronto Convention Centre for projects, the Province has continued to rely on the borrowing agency for overall project management. Because the borrowing agency is accountable to the Province, through its Board of Directors, for the prudent management of its expenditures the OFA is not required to monitor the application of funds.

- If the government directed the OFA to provide project financing to Other Public Bodies, it is expected that the OFA should manage such loans in the same manner as would a commercial lender. In this respect, the OFA would need to take adequate steps to ensure the funds were used for the intended purpose and that the project was well managed. The OFA does not currently have the expertise or human resources to provide project financing.

OFA Lending Policy Rule: Advances

1. For loans to Crown Agencies, the OFA will make advances as requested by the borrower pursuant to a loan agreement. The OFA will not monitor the application of funds by the Crown Agency.

2. For loans to Other Public Bodies, the OFA will seek evidence of project costs incurred and project cost to completion prior to making any advance in the same manner as a commercial lender except that, where the Province or one of its agents (ie. ORC) is the project manager, the OFA will make advances as authorized by the borrower and approved by the project manager.

REPAYMENTS

Commercial Standard

- A loan agreement may provide for the loan to be repaid: in a lump sum payment of principal and interest (ie. a zero coupon); on demand by the lender; in periodic payments of principal and interest (ie. an amortizing loan); in periodic payments of interest with bullet payments of interest (ie. a bullet bond or serial debenture): or repaid early by the borrower in whole or in part.

- In a secured loan, the term would generally not exceed the economic life of the asset being financed and may be significantly shorter.

- Some loans provide authority for the borrower to prepay all or a portion of the loan prior to maturity. Prepayment provisions can reduce the value of the loan to the lender because the borrower can, for example, prepay the loan when interest rates decline. A commercial lender would charge for such an option.

- Bank loans generally have a term of not longer than 7 years whereas debt issued in capital markets could have a term of up to 30 years or more.

OFA Lending Policy Rule: Repayments

1. OFA loans to Crown Agencies will have a term not longer than the economic life of the asset being financed and 30 years, whichever is less.

2. OFA loans to Other Public Bodies will have a term not longer than the least of: (a) the economic life of the asset being financed; (b) the term available to the borrower from commercial lenders or in the capital markets; and (c) 30 years.

3. All OFA loans will have a fixed repayment or review date (ie. subject only to early repayment where permitted).

INTEREST RATE

Commercial Standard

- The interest rate on a commercial loan is generally based on the credit worthiness of the borrower and interest rates available in the market.

Provincial Public Policy or Economic Considerations

- The OFA's current practice is to lend to public bodies at the Province's cost of funds, including commissions, plus 25 basis points. In most cases this results in a cost of funds to the public body substantially lower than bank funding.
    - For example, in a demand bank loan a public body would pay an interest rate of roughly 75 to 125 basis points above the Province's cost of funds (eg. Prime minus 50 bp compared to the yield on a 3 month Ontario Treasury-bill) even with an explicit Provincial guarantee.
- Over the past several decades the Office of the Treasury (ie. Predecessor to OFA corporate) has held the view that the Province should recover its full cost of debt service in respect of lending activities. If the lending rate is below the Province's cost of funds then the cost of debt service would be allocated to PDI expense instead of to the respective government program sponsoring the lending activity. The Office of the Treasury established the practice of adding 25 basis points to the Province's cost of funds (excluding commissions because it predated the Province's borrowing in capital markets), for lending activities to meet this objective. Under this policy the Province will continue to earn the same mark-up (ie. 25 basis points above the Province's cost of funds, including dealer commissions).
- The OFA could set the interest rate on loans to public bodies at the cost of funds to the public body without Provincial support (ie. Commercial interest rate).
    - For loans to Crown Agencies (ie. Related parties) there is no economic benefit to the Province for the OFA to charge a commercial rate of interest.

- While charging a commercial interest rate to Other Public Bodies (ie. Non-related parties) could provide an economic benefit to the Province, it would likely be inconsistent with the public policy rationale for providing Provincial financial support to the borrower (eg. would be contrary to the intent of reducing a public body's borrowing costs).

– Establishing a commercial rate of interest would result in additional credit assessment costs.

- The approved OFA accounting policy is to eliminate, from its audited financial statements, all lending transactions with public bodies in which the OFA acts as an intermediary for the Province. In order to be consistent with the OFA's accounting policy, the rate of interest on OFA loans due to the Province will match the rate of interest on its loans receivable from public bodies.

OFA Lending Policy Rule: Interest Rate

1. The interest rate on loans from the OFA will be equal to the Province's cost of funds, including commissions, for a borrowing of equivalent duration, plus 25 basis points.

2. Any options for the borrower to prepay the loan, in whole or in part, will be added to the interest rate cost of the loan.

3. The OFA will match the rate of interest on its loans due to the Province with the rate of interest on its loans receivable from public bodies.

LOAN SECURITY

Commercial Standard

- It is common for commercial lenders to seek security for a loan. Security may be in the form of bankers' acceptances, a mortgage, a lien on personal property. The costs associated with obtaining security for a loan, such as registering a mortgage, are generally paid for by the borrower.

- A loan agreement may include the requirement for the borrower to maintain certain performance financial ratios or debt reserves. In such cases, the lender needs to establish appropriate compliance controls and take action if the borrower does not comply.

Provincial Public Policy or Economic Considerations

- In some cases it is not clear that a lender could, in the event of a default, realize the security in a loan to certain public bodies. For example:

  - Under the *Municipal Act*, municipalities do not have the explicit authority to mortgage their real property.
  - Under the *Proceedings Against the Crown Act*, there may be restrictions on the ability of a lender to seize property belonging to a Crown Agency.

- The Province could seek an intercept of any Provincial grants payable to a public body as additional security for a loan. While there is no precedent for executing such an intercept, it is likely that considerable pressure would be exerted to prevent the Province from intercepting Provincial revenues. Alternatively, the Province could request that should the public body default on its loan the responsible Ministry would repay the loan from within its allocation.

- It is unlikely that the Province would benefit from the OFA seeking to enforce a security interest against another Crown Agency. If a Crown Agency defaulted on a loan from the OFA, the Province could resolve the matter.

OFA Lending Policy Rule: Loan Security

1. For loans to Crown Agencies, the OFA will lend on an unsecured basis, unless there is an economic benefit to the Province of the OFA obtaining loan security.

2. For loans to Other Public Bodies, the OFA will require the same level of loan security as would a commercial lender. This is a matter of judgement and will be evaluated on a case by case basis.

3. For loans to Other Public Bodies, the OFA will obtain an intercept of any Provincial grants or rebates receivable by the borrower as loan security, in addition to the security provided by rule 2.

From: John Kim
To: Malle Hanslep (MOF); Lisa Stein
Cc: Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date: Thursday, August 17, 2017 7:51:59 PM
Attachments: 01 - IESO-OFA - FHP LoC - Intercept Directive v9.docx

---

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

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\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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OFA -- IESO CREDIT FACILITY ~~IES~~MINISTER OF FINANCE DIRECTIVE TO EXEMPT THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE") REQUIRED UNDER THE OFA'S LENDING POLICY

BACKGROUND

The Independent Electricity System Operator ("IESO") requested a revolving credit facility ("the credit facility") in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

On June 29, 2017, the OFA received ~~a~~ l~~L~~ending d~~D~~irective from the Minister of Finance to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister [or Treasury Board or Cabinet]. In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the ~~OFA~~Minister of Finance to deduct amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement from money appropriated by the Legislature for payment to the public body.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt the requirement to include an ~~from the i~~Intercept p~~P~~rovision ~~both~~ in ~~its OFHP Credit Facility~~ the credit facility agreement with the IESO and the reduced $475 million credit facility ~~the new $2 billion credit facility to support the IESO's role in the Fair Hydro Plan and the reduced $475 million credit facility~~. [The existing $975 million credit facility is requested to be reduced to $475 million, in connection with the newly requested $2 billion credit facility.]

- ~~Note: The Intercept Provision under the OFA's Lending Policy for unsecured lending to a public body requires that, unless exempted by the Minister of Finance [or Treasury Board or Cabinet], the OFA put in place a provision whereby the OFA is entitled to deduct amounts equal to any amounts the public body fails to pay to the OFA under the loan, from money appropriated by the Legislature for payment to the public body.~~

RECOMMENDATION

- OFA staff recommend the Minister sign the attached Intercept Exemption Directive allowing the OFA to provide th~~ese~~ requested credit facilities~~ies~~ to the IESO without the inclusion of an ~~an I~~intercept provision in the loan agreement~~under the OFA Lending Policy~~.

- The requested Intercept Exemption Directive would only apply to the two specified credit facilities.

CONSIDERATIONS

Commented [LS1]: After discussion with Ken Russell, we think the directive should be limited to the new credit facility agreement.

Commented [SK82R1]: I understand we are deciding to ensure both credit facilities are covered the Intercept Exemption Directive. Will revert language back accordingly.

Commented [JK3R1]: A business decision – which I am sure ADM/CEO would support

- ~~This The OFHP Credit Facility~~This Intercept Exemption Directive will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the ~~Fair Hydro Plan~~OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility [to be amended from the current $975 million facility].

- ~~Under T~~the OFA Lending Policy provides the following requirement for unsecured loans to public bodies under CIPA~~, the following is provided for~~:

  ~~"~~Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.~~"~~

- The ~~intercept in the~~ OFA Lending Policy also includes the following requirements in relation to the intercept provision:

  The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

RATIONALE FOR EXEMPTION

- ~~An~~ Including an i~~I~~ntercept p~~P~~rovision in the ~~new OFHP Credit Facility~~ credit facilities agreement with the IESO would have no practical usefulness in the case of the IESO as it receives no operational funding from the Province of Ontario.

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the two ~~new two revolving~~ credit facilities~~y~~~~ies~~ ~~agreement~~ with ~~to~~ the IESO [per the Minister's Directive signed on June 29, 2017] from inclusion of an intercept provision, as required by the OFA Lending Policy. ~~Intercept provision under the OFA Lending Policy.~~

Commented [LS4]: This is not a defined term.

Commented [LS5]: Is this even a possibility? I thought there were no funds to intercept.

Commented [SK86R5]: There are payments (appropriated to Energy from the legislature) made to the IESO to carry out price mitigation programs (eg. electricity support programs).

Just want to explain here the intent of the policy isn't to claw back/intercept payments specifically designed to assist electricity ratepayers for which the IESO is a conduit.

Commented [JK7R5]: To Lisa's question - I don't believe that is the intent of requiring an intercept provision.

- ~~[The Intercept Exemption Directive would also exempt any lending to the IESO from the OFA, previously authorized and/or subsequently amended, to be exempt from the Intercept Provision.]~~

Commented [SK88]: This is to ensure both the 2B and 475M credit facilities are covered.

Commented [LS9]: See earlier comment

Commented [SK810R9]: Bullet above modified to include both facilities.

Commented [JK11R9]: To proceed with the Intercept Exemption Directive for the two facilities only.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision requirement of the OFA Lending Policy.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of ~~not~~ having ~~an~~the ~~i~~Intercept Exemption ~~p~~Provision.]

Commented [RK12]: What about saying that as IESO is a consolidated entity, and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision?

BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.
-
- The IESO is a public body for the purposes of CIPA.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

From:	Lisa Stein
To:	John Kim
Cc:	Malle Hanslep (MOF); Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 2:45:31 PM

I will call you to discuss

From: John Kim
Sent: Thursday, August 17, 2017 1:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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Could you explain the reason for leaving out the $475M – per your comment box?

John

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Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Hanslep, Malle (MOF)
To:	Lisa Stein; John Kim
Cc:	Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell
Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 2:02:20 PM

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Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 1:58:22 PM

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Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Thursday, August 17, 2017 1:55:50 PM

Thanks for that. I meant to copy Sarah and thought I did….so appreciate that.

From: Lisa Stein
Sent: Thursday, August 17, 2017 1:55 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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Subject:	RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 12:04:11 PM

Hi John,
Given that the Minister of Finance is away, is this going to be sent to the President of Treasury Board as alternate Minsiter?
Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 10:28 AM
To: Stein, Lisa (OFA); Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Ok, great. Thanks Lisa, Malle.

From: Lisa Stein
Sent: Friday, August 18, 2017 9:59 AM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Hi John,
I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.
Thank you,
Lisa

From: John Kim
Sent: Thursday, August 17, 2017 7:52 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
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****

From: Lisa Stein
To: Salman Qadir
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 3:25:23 PM

Please don't send it to Ron until we discuss as I think it needs to be re-drafted and requires more details. Let's talk at 5, after I've spoken to Ken.

From: Salman Qadir
Sent: Monday, June 12, 2017 2:08 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I wont be in tomorrow morning. I can send Ron what we have and we can have a chat tomorrow afternoon? Its more of an FYI for Ron.

Does that work?

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 1:24 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

I have a call at 4:30. Can we tentatively chat at 5? Or tomorrow morning?

From: Salman Qadir
Sent: Monday, June 12, 2017 12:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I'll be here until 5. Can stick around until 5:30ish if need be.

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 11:37 AM

To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

It will have to be towards the end of the day, as I'm trying to arrange a call with Ken Russell to discuss. How late will you be available?

Lisa

From: Salman Qadir
Sent: Monday, June 12, 2017 11:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

Could we chat about this today? I've been asked to get an initial draft of the directive to Ron for any comments he may also have. Just like to send a more or less cleaner version (even if it has some comments inline).

Thanks,
Salman

From: Salman Qadir
Sent: Friday, June 09, 2017 4:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

Sarah's group is working on the agreement and the terms of the agreement, at a high level, are what were included in IESO's request letter, which the OFA appears to have agreed to.

I think the directive covers the key terms of the request which were in the request letter from IESO and anything further will be subject to any negotiation between OFA and IESO. If a specific term is in the directive language is causing an issue, we could leave it out?

It may look like a lot of track changes, but most of them are just moving things around.

I just don't want the directive to be similar to the term sheet since the term sheet may change if need be and the directive still needs flexibility for any negotiation that may need to occur.

Happy to share it with MOF legal as is as well.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

In my view it would be prudent to develop a term sheet prior to finalizing the draft directive as it is currently missing details. Is this a possibility? Once I receive a term sheet I will create a new draft of the directive.

Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,

Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: Salman Qadir
Cc: Bruno Amara; John Kim; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 4:20:58 PM

Hi Salman,

In my view it would be prudent to develop a term sheet prior to finalizing the draft directive as it is currently missing details. Is this a possibility? Once I receive a term sheet I will create a new draft of the directive.

Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

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Thank you again,
Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

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From: Salman Qadir
To: Sarah Harris; Lisa Stein
Cc: Bruno Amara; John Kim; William Tan
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 4:15:42 PM
Attachments: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v4.docx

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Thanks Sarah. Good catch. I've updated the directive in v4 as attached.

My plan was to get a decent clean version (more or less) and then send it off to MOF legal while also sending it to senior management in OFA for any concerns. Hopefully we can aim to do this by Monday.

Salman

From: Sarah Harris
Sent: Friday, June 09, 2017 4:11 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa and Salman,

I note that IESO made the following for the term of the credit facility request in their attached letter:

> o 5 year term - to align with the FHP's initial period of deferral of electricity prices plus a contingency period (i.e. to September 30, 2022);

I think that an the actual date should be referenced in the OIC, since they are asking for slightly in excess of a 5 year period.

I think we would usually want to run the draft directive by Patrick as LSB as well?

Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,
Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

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416-325-2320

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

~~**WHEREAS: [IESO has requsted funding…..]**~~

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~provide a~~lend ~~revolving credit facility~~ to the ~~Independent Electricity System Operator ("IESO")~~IESO under a revolving credit facility (the "Line of Credit") in an aggregate ~~total~~ principal amount of up to CAD $2,000,000,000.00 ~~(the "Loan")~~.

The following terms and conditions shall apply in respect of the ~~Loan~~Line of Credit:

1. The ~~Loan~~ Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of , and its participation in,the *Ontario Fair Hydro Plan Act, 2017.*

   A ~~Loan~~ Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

~~3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.~~

5. The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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Commented [SQ21]: Consistent with OIC.

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Commented [LS2]: Salman to confirm

Commented [SQ23R2]: This is due process and we should expect this. Will remove otherwise.

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Commented [LS4]: NTD: If possible, include term for each advance? TBC by Salman

Commented [SQ25R4]: This will be subject to how the agreement is set up. Will need to speak with Carlos.

As of now, IESO is requesting that advances be allowed for as minimum as 7-days. There is no equivalent rate for a 7-day borrowing. Initial conversations with CMD suggested we simply do "if advance less than 30 days, use 30-day t-bill" – or similarly, since advances are expected to be no more than 95 days, simply use 90-day t-bill rate for all advances.

Commented [SQ26]: OIC expires on December 31, 2047. However, changing this date to match IESO request, so suggesting for this to state "5-year after date of corresponding credit agreement.

Commented [LS7]: IESO is requesting 5 year term. New directive after 5 years?

Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Loan made under the authority of this Directive, the amount of the spread retained by the OFA shall be equal totwenty-five (25) basis points.

Commented [LS8]: For further discussion.

Commented [SQ29]: For senior management:

Should the spread be retained like most other loan agreements? Or should we remit this back to Province.

Dated , 2017

_____

Charles Sousa
Minister of Finance

From: Salman Qadir
To: Lisa Stein
Cc: Bruno Amara; John Kim; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 12:00:39 PM
Attachments: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v3.docx
05 - IESO-OEFC - Loan and Line of Credit Renewal - Appendix Directives_LoC - April 2010-2014_all.pdf

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Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

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Thank you again,
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Sent: Thursday, June 08, 2017 4:52 PM
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Thank you,

Lisa

Lisa N. Stein
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416-325-2320

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DIRECTIVE AND DETERMINATION
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

~~**WHEREAS**~~**Whereas**:

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The IESO has requested financing to fund short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

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Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to ~~provide a~~lend ~~revolving credit facility~~ to the ~~Independent Electricity System Operator ("IESO")~~IESO under a revolving credit facility (the "Line of Credit") in an aggregate ~~total~~ principal amount of up to CAD $2,000,000,000.00 ~~(the "Loan")~~.

The following terms and conditions shall apply in respect of the ~~Loan~~Line of Credit:

1. The ~~Loan~~ Line of Credit shall be made for the purpose of providing IESO financing of short to medium term funding shortfalls in the implementation of , and its participation in,the *Ontario Fair Hydro Plan Act, 2017.*

   A ~~Loan~~ Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

2.
3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than five years after the execution date of the Line of Credit.

~~2.~~4. The OFA will charge interest on the ~~Loan~~ Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

~~3. All outstanding amounts, including principal and any interest, shall be repaid in full by no later than December 31, 2047.~~

5. The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

~~4.~~6. The ~~Loan~~ Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this Directive and ~~approved by the CEO of the OFA, or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them.~~to be entered into by the IESO and the OFA.

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Commented [SQ21]: Consistent with OIC.

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Commented [SQ27]: OIC expires on December 31, 2047. However, changing this date to match IESO request, so suggesting for this to state "5-year after date of corresponding credit agreement.

Commented [LS8]: IESO is requesting 5 year term. New directive after 5 years?

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Commented [LS9]: For further discussion.

Commented [SQ210]: For senior management:

Should the spread be retained like most other loan agreements? Or should we remit this back to Province.

Dated , 2017

_____

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit") for the purpose of replacing the current IESO $60 million revolving line of credit with the Toronto-Dominion Bank which is used for liquidity purposes and to temporarily fund corporate requirements, and which matures on April 30, 2010.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $60 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2013.
- Interest shall be payable on the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated April 20th., 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
REFINANCING LOAN TO IESO

To: Ontario Electricity Financial Corporation

Pursuant to sub-section 74(1) of the *Electricity Act, 1998*, Ontario Electricity Financial Corporation ("OEFC") is directed to lend to the Independent Electricity System Operator ("IESO") a principal amount of C$78.2 million (the "Loan") during the period from May 1, 2011, to May 1, 2013 for the purpose of refinancing debt owing from IESO to OEFC that matures on May 1, 2011.

The Loan shall be subject to the following terms:

- The term of the Loan shall be two years from May 1, 2011 to May 1, 2013.
- Interest shall be payable on the Loan at a rate established as of May 1, 2011, based on the Province of Ontario's cost of borrowing for a two year term, determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus twenty five basis points (0.25%).
- The Loan shall be subject to such other terms as OEFC deems appropriate.

The terms of the Loan shall be set out in a loan agreement to be entered into by OEFC and the IESO.

Dated April 20th, 2011

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

TO: Ontario Electricity Financial Corporation

Whereas:

Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

It is now desirable to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $110 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2014.
- Effective as of May 1, 2013 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief

Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).

- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 19 2013, 2013

The Honourable Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR LINE OF CREDIT

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Under a directive dated April 20, 2010 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "A" hereto, Ontario Electricity Financial Corporation ("OEFC") was directed to lend a principal amount of up to $60 million to the Independent Electricity System Operator ("IESO") under a revolving credit facility (the "Line of Credit").

Under a further directive dated August 30, 2011 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "B" hereto, OEFC was directed increase the Line of Credit to a principal amount of up to $110 million to provide temporary funding for IESO corporate requirements.

Under a further directive dated April 19, 2013 issued by the Minister of Finance pursuant to sub-section 74(1) of the *Electricity Act, 1998*, a copy of which is attached as Schedule "C" hereto, OEFC was directed to extend the mandatory repayment date established in the Line of Credit for a period of one year from April 30, 2013 to April 30, 2014.

It is now desirable to decrease the Line of Credit to a principal amount of up to $95 million to provide temporary funding for IESO corporate requirements, and to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

Therefore:

Pursuant to sub-section 74(1) of the *Electricity Act, 1998,* OEFC is directed to extend the mandatory repayment date established in the Line of Credit for a period of three years from April 30, 2014 to April 30, 2017.

The Line of Credit shall be subject to the following terms:

- The aggregate principal amount outstanding under the Line of Credit at any time shall not exceed $95 million.
- All amounts outstanding under the Line of Credit shall be repaid in full on or before April 30, 2017.
- Effective as of May 1, 2014 interest shall be payable on outstanding principal under the Line of Credit monthly at a rate established monthly, based on the Province of Ontario's cost of borrowing for a 30 day term, determined as of the first day of each month by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%).
- The Line of Credit shall be subject to such other terms as OEFC deems appropriate from time to time.

The terms of the Line of Credit shall be set out in a Revolving Credit Facility Agreement to be entered into by OEFC and the IESO.

Dated APR 08, 2014

The Honourable Charles Sousa
Minister of Finance

From:	Sarah Harris
To:	Lisa Stein; Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 10:11:32 AM

HI Lisa,

That is correct.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 09, 2017 9:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Thank you Sarah. Just to clarify – there should be an amending agreement and a new credit facility agreement. Is documentation working on both of these?

Lisa

From: Sarah Harris
Sent: Friday, June 09, 2017 9:00 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

HI Lisa,

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416-325-2320

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To:	Sarah Harris; Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date:	Friday, June 09, 2017 9:37:14 AM

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From: Salman Qadir
To: Lisa Stein
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 2:08:05 PM

Hi Lisa,

I wont be in tomorrow morning. I can send Ron what we have and we can have a chat tomorrow afternoon? Its more of an FYI for Ron.

Does that work?

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 1:24 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

I have a call at 4:30. Can we tentatively chat at 5? Or tomorrow morning?

From: Salman Qadir
Sent: Monday, June 12, 2017 12:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I'll be here until 5. Can stick around until 5:30ish if need be.

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 11:37 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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It will have to be towards the end of the day, as I'm trying to arrange a call with Ken Russell to discuss. How late will you be available?

Lisa

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To:	Salman Qadir
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Date:	Monday, June 12, 2017 1:24:24 PM

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From: Salman Qadir
To: Lisa Stein
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 12:43:03 PM

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To: Salman Qadir <Salman.Qadir@ofina.on.ca>
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From: Lisa Stein
To: Salman Qadir
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 11:36:53 AM

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

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Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

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Thank you again,
Salman

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Thank you,

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Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Lisa Stein
To: Kenneth Russell
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 11:34:11 AM

I'm flexible. Would 4 or even 4:30 be better? I'd like to have some time after the call to follow up with everyone.

From: Kenneth Russell
Sent: Monday, June 12, 2017 11:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Lisa

Sure

What is the latest time that is good for you?

Ken

Sent from my iPhone

On Jun 12, 2017, at 11:07 AM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi Ken,
>
> Can we arrange a call for 3 pm or later this aft?
>
> Thank you,
>
> Lisa
>
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>
> **From:** Kenneth Russell
> **Sent:** Friday, June 09, 2017 5:37 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
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>
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On Jun 9, 2017, at 4:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

FYI – for further discussion next week (Monday?)

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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From: Salman Qadir
To: Lisa Stein
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 11:15:38 AM

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Salman

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From: Lisa Stein
To: Kenneth Russell
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 11:07:46 AM

Hi Ken,

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Thank you,

Lisa

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Sent: Friday, June 09, 2017 5:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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Ken

Sent from my iPhone

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Cc: Bruno Amara; John Kim; Sarah Harris
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 4:36:53 PM

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From: Salman Qadir
To: Lisa Stein
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 3:29:47 PM

Sure. No problem. I can wait.

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 3:25 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Please don't send it to Ron until we discuss as I think it needs to be re-drafted and requires more details. Let's talk at 5, after I've spoken to Ken.

From: Salman Qadir
Sent: Monday, June 12, 2017 2:08 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I wont be in tomorrow morning. I can send Ron what we have and we can have a chat tomorrow afternoon? Its more of an FYI for Ron.

Does that work?

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 1:24 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

I have a call at 4:30. Can we tentatively chat at 5? Or tomorrow morning?

From: Salman Qadir
Sent: Monday, June 12, 2017 12:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I'll be here until 5. Can stick around until 5:30ish if need be.

Salman

From: Lisa Stein
Sent: Monday, June 12, 2017 11:37 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

It will have to be towards the end of the day, as I'm trying to arrange a call with Ken Russell to discuss. How late will you be available?

Lisa

From: Salman Qadir
Sent: Monday, June 12, 2017 11:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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416-325-2320

****
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****

From:	Victor Buza
To:	Lisa Stein; Sarah Harris; Anthony Martinello
Cc:	William Tan; John Kim; Gavin He
Subject:	RE: A quick note
Date:	Thursday, November 02, 2017 4:26:27 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 IESO Nov 2 420pm.docx

Sorry for the delay – please see attached.
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 02, 2017 4:13 PM
To: Sarah Harris; Victor Buza; Anthony Martinello
Cc: William Tan; John Kim; Gavin He
Subject: RE: A quick note

We will need to add counterpart language to AA#10 as well.

From: Sarah Harris
Sent: Thursday, November 02, 2017 4:11 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: A quick note

Hi Victor and Anthony,

Just a quick note to let you know that Lisa and I both must leave at 5 p.m. today. If we're able receive any draft language soon enough before then, we will take a look and try to revert before then. If not, we'll have to do it first thing in the morning.

Also, if you could please let us know if IESO has received the intercept letter for signature, that would be great. Given the time factor, and once the Intercept Letter is fully executed, it looks like we will be then be signing the two agreements in counterparts (with IESO signing first and sending .pdf's to the OFA).

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

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acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

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"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date

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of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **November 3rd, 2017** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the

Commented [LS1]: NTD: TBC

Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties ~~on the Effective Date~~ prior to the Effective Time, being:

i. ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 3, 2017; and ~~[INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts:~~

ii. ~~ii.~~ the completion of all Advances described in the Election Notice to be provided by IESO to OFA no later than November 17, 2017 (such terms having the meanings ~~as~~ defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date~~; of this Amending Agreement~~ and

~~i.~~iii. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

~~14.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10- on the dates set out below, which shall come into effect as of the Effective Time as defined herein.~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

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Per: _____ Date: November , 2017.
Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____ Date: November , 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Kelly Listoe
To:	Lisa Stein
Cc:	Jean-Francois Beaupre
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Wednesday, July 26, 2017 11:58:19 AM

This is with OPG and has been for a week now.

From: Lisa Stein
Sent: Wednesday, July 26, 2017 11:48 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Kelly,

What is the current status of this amending agreement? If it is not too late, we recommend adding the following to the beginning of section 4 (Base Rate):

"On or after the date of this Amending Agreement…."

We are suggesting this change on the basis the new process for calculating "Base Rate" (as amended) would only occur after the execution of the Amending Agreement. However, if it is too late for this additional amendment, we think it is already implied in any event.

Happy to discuss,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: Kelly Listoe; Sarah Neville
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Wednesday, July 26, 2017 11:47:44 AM

Hi Kelly,

What is the current status of this amending agreement? If it is not too late, we recommend adding the following to the beginning of section 4 (Base Rate):

"On or after the date of this Amending Agreement…."

We are suggesting this change on the basis the new process for calculating "Base Rate" (as amended) would only occur after the execution of the Amending Agreement. However, if it is too late for this additional amendment, we think it is already implied in any event.

Happy to discuss,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

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****

To:	Sarah Neville
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Monday, July 24, 2017 3:32:41 PM

Hi Sarah,

I just wanted to follow up regarding this matter as I didn't see a further e-mail from you?

From: Sarah Neville
Sent: Thursday, July 13, 2017 4:39 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Kelly – I am looking at this, I hope to have a response to you tomorrow.

Sarah

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
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****

From: Sarah Neville
To: Kelly Listoe
Cc: Lisa Stein; Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Monday, July 17, 2017 9:29:42 AM

Kelly – As per your instructions I will comment only on the proposed amendment to section 5 of Amending Agreement No. 3.

Assuming that the SPV would qualify as a Material Subsidiary under the Credit Facility, the significant legal impact of the proposed amendment with respect to carving out the SPV from the definition of Subsidiary is with respect to how Events of Default and related remedies are determined under the Credit Facility and in particular with respect to Section 5.1(g). The cross-default provisions in any credit facility are designed to preserve a creditor's rights/value at the earliest possible point that the borrower becomes financially unsound across any of its business lines or becomes unable to meet its other debt obligations.

With the proposed amendment, the financial health/solvency of the SPV would not be a factor in triggering an Event of Default under the Credit Facility, even if the SPV becomes insolvent. I am not aware of the structure and funding of the SPV and whether or not OPG has any responsibilities/obligations in this regard, but if funding the SPV could be deemed "Other General Corporate Requirements" under the Credit Facility, then it is possible the Credit Facility could be used to continue to fund an entity that is otherwise insolvent and would otherwise have triggered an Event of Default. OFA would have no lens into the solvency status of the SPV as a result of this structure.

Provided the respective business advisors on this matter understand the implications of this carve out for the administration of the loan, and have considered the related risks given their knowledge of the structure and purpose of the SPV and its relationship to OPG, I have no further comments.

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Kelly Listoe

Sent: Monday, July 17, 2017 8:50 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Sarah – the only new item to review is the addition of the subsidiary exclusion – everything else has been reviewed and agreed on by Lisa, Linda and myself. So you know, both Linda and John Kim's group are fine with excluding the Special Purpose Vehicle from the definition of subsidiary. The OFA, OPG and MOE have been working on the structure of the electricity rate reduction program for some time now.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Sarah Neville
Sent: Thursday, July 13, 2017 4:39 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Kelly – I am looking at this, I hope to have a response to you tomorrow.

Sarah

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

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Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Sarah Neville
To: Kelly Listoe; Lisa Stein
Cc: Sarah Harris
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date: Thursday, July 13, 2017 4:39:11 PM

Hi Kelly – I am looking at this, I hope to have a response to you tomorrow.

Sarah

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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From:	Kelly Listoe
To:	Lisa Stein; Sarah Neville
Cc:	Sarah Harris
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Thursday, July 13, 2017 9:37:20 AM
Attachments:	AMENDING AGREEMENT (july4).docx $700 million OEFC-OPG Credit Facility (Executed).pdf

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

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****

AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the •th day of July, 2017.

BETWEEN: **ONTARIO POWER GENERATION INC. ("OPG")**
As Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**
As Lender

WHEREAS OPG and OEFC entered into a Credit Facility Agreement dated June 17, 2016, as amended by Amending Agreement No. 1 dated September 7, 2016, and Amending Agreement No. 2 dated February 2, 2017 (the "Agreement", the terms defined therein being used herein as therein defined), providing for OPG to borrow from OEFC a principal amount of up to Seven Hundred Million Dollars;

AND WHEREAS the Agreement provides that advances under the Agreement only occur during the period starting on January 1, 2017 and ending on December 31, 2017;

AND WHEREAS as of the date hereof, the total principal amount outstanding under the Agreement is $300,000,000.00;

AND WHEREAS OPG and OEFC have now agreed to increase the total commitment amount under the Agreement to an amount of up to Two Billion Three Hundred Fifty Million Dollars, with no more than One Billion Five Hundred Million Dollars to be advanced prior to January 1, 2018;

AND WHEREAS OPG and OEFC now agree to amend the Agreement so that advances under the Agreement may occur during the period starting on January 1, 2017 and ending on December 31, 2018.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of the term "**Commitment**" in Section 1.1 of the Agreement is deleted and replaced with the following :

   "Commitment" means, at any time, an amount equal to the principal amount of Two Billion Three Hundred Fifty Million Dollars;

2. The definition of the term "**General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, comprised of the Darlington Requirements and the Other General Corporate Requirements;

3. The definition of the term "**Other General Corporate Requirements**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"Other General Corporate Requirements" means OPG's general corporate requirements for the period from January 1, 2017 to December 31, 2018, other than the Darlington Requirements;

4. The definition of the term "**Base Rate**" in Section 1.1 of the Agreement is deleted and replaced with the following :

"**Base Rate**" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bond ("Benchark Bond"), as determined by OEFC for the term specified in the applicable Borrowing Notice and includes all costs of borrowing, including applicable fees and commissions. In the event that the Benchmark Bond does not have the same term as specified in the applicable Borrowing Notice, the rate shall be established by OEFC by interpolating the terms of two Government of Canada bonds published by Bloomberg RBCB as of the Business Day immediately preceding the applicable Advance Date that are closest to the term of the Advance in question, one being for a longer term and the other being for a shorter term.

5. Section 3.1 of the Agreement "**Advances**" is deleted and replaced with the following:

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day after January 1, 2017 and prior to January 1, 2019. OPG shall not request Advances more than twelve (12) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately monthly throughout a calendar year. The total of all Advances made prior to January 1, 2018 shall not be more than One Billion Five Hundred Million Dollars.

The Repayment Date of each Proposed Advance to be made in 2017 shall be such that the Repayment Date is no more than 30 years after the date of the Proposed Advance for 2017.

The Repayment Date of each Proposed Advance to be made in 2018 shall be such that the Repayment Date is a) no more than 30 years after the date of the Proposed Advance for no more than 50% of the total amount of such Proposed Advances for 2018, and b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018. This requirement may only be modified with the written consent of OEFC.

For greater certainty, no Advances shall be made under this Agreement after December 31, 2018.

5. The definition of the term "**Subsidiary**" in Section 1.1 of the Agreement is deleted and replaced with the following:

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries,

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a major ownership and power to direct the policies, management and affairs thereof,

(c) notwithstanding sub-sections (a) and (b) above, any Person that is a "financing entity" as defined in the *Ontario Fair Hydro Plan Act, 2017* (Ontario) is deemed not to be a Subsidiary.

~~5.~~6. Section 3.2 of the Agreement is deleted and replaced with the following:

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance. Each such notice (a **"Borrowing Notice**") shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date**"); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

~~6.~~7. Schedule 1 of the Agreement (Form of Borrowing Notice) is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

Name: Michael D. Manning

Title: Chief Operating Officer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

By: _____

Name: Ken Hartwick
Title: Senior Vice President Finance, Strategy, Risk & Chief Financial Officer

By: _____

Name: John Lee
Title: Vice President, Treasurer

I have the authority to bind the corporation.

ONTARIO POWER GENERATION INC.

as Borrower

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION

as Lender

GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY AGREEMENT

Dated: June 17, 2016

THIS GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY AGREEMENT is made on the 17th day of June, 2016

between:

ONTARIO POWER GENERATION INC. ("OPG")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC").

RECITAL:

OPG has requested to borrow from OEFC an amount of up to Seven Hundred Million Dollars for the purpose of financing OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, including costs related to the Darlington Refurbishment Project and OEFC has agreed to lend such amount to OPG on the terms and conditions set out herein.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Adjusted Repayment Date" has the meaning specified in Section 3.4.

"Advance Date" has the meaning set forth in Section 3.2.

"Advances" means advances made by OEFC to OPG under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time and "Advance Outstanding" means the principal amount outstanding of any Advance.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Applicable Spread" means the additional interest in basis points over the Base Rate that will apply to an Advance, as determined by OEFC based on a survey of market rates.

"Base Rate" means an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds as published by Bloomberg RBCB as of the Business Day immediately preceding the Advance Date for the term specified in the applicable Notice of Borrowing and includes all costs of borrowing, including applicable fees and commissions. In the event that there are no Benchmark Government of Canada bonds listed at the time of the Advance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Advance, one being for a longer term and the other being for a shorter term.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day other than a Saturday, Sunday or a statutory or civic holiday in Toronto, Ontario.

"Commitment" means, at any time, an amount equal to the principal amount of Seven Hundred Million Dollars.

"Consolidated Net Worth" means, at any time, the aggregate amount of shareholders equity of OPG and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Credit Facility" means the credit facility to be made available to OPG by OEFC under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Darlington Refurbishment Project" means OPG's project to refurbish any or all of the existing units at the Darlington Nuclear Generating Station.

"Darlington Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, for the Darlington Refurbishment Project.

"Disposition" has the meaning specified in Section 6.1.

"Dollars" or "$" means lawful currency of Canada.

"Event of Default" has the meaning specified in Section 5.1.

"General Corporate Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, comprised of the Darlington Requirements and the Other General Corporate Requirements.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Interest Payment Dates" for any Advance shall be the semi-annual dates as specified in the Borrowing Notice.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Make-Whole Amount" in respect of an Advance Outstanding means the amount determined by OEFC as described in Schedule 3.

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined as of such time in accordance with generally accepted accounting principles, and a Subsidiary not otherwise defined as a Material Subsidiary associated with a Specified Project as set out in Schedule "A" as such Schedule "A" may be amended from time to time.

"Note" means the notes of OPG issued under this Agreement.

"OPG" means Ontario Power Generation Inc., a corporation incorporated under the laws of the Province of Ontario, until a successor corporation shall have succeeded to all of the rights and obligations of Ontario Power Generation Inc. pursuant to Section 6.1 and thereafter **"OPG"** shall mean such successor corporation (or any successor thereto which shall have become such pursuant to Section 6.1).

"Other General Corporate Requirements" means OPG's general corporate requirements for the period June 1, 2016 to December 31, 2017, other than the Darlington Requirements.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPG or a Material Subsidiary, to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by OPG or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by OPG or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to

current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of OPG or a Material Subsidiary that have not at the time been filed against OPG or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, OPG or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by OPG or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of OPG will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by OPG or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which OPG or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) pledges of cash or cash equivalents to secure OPG's or a Material Subsidiary's liabilities from time to time under Swap Contracts and pledges of cash or cash equivalents in an aggregate amount not exceeding $25 million at any time to secure OPG's or a Material Subsidiary's liabilities from time to time under commodity swap, commodity option and commodity future contracts entered into in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in prices or availability of commodities purchased or to be purchased by OPG or a Material Subsidiary in the ordinary course of business, and not entered into for the purposes of speculation; and

(k) any other Liens of a nature similar to the foregoing which do not in the opinion of OPG, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of OPG or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Prepayment Amount" means the amount determined in accordance with Section 2.5.

"Prepayment Calculation Date" means the date three Business Days prior to the Prepayment Date.

"Prepayment Date" means, in respect of the prepayment of Advances, the prepayment date set forth in the Prepayment Notice.

"Prepayment Notice" has the meaning specified in Section 2.5.

"Proposed Advance" has the meaning specified in Schedule 1.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date set forth in the applicable Borrowing Notice and Note.

"Specified Project" means a project listed and generally described in Schedule "A" as such Schedule "A" may be amended from time to time.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation with more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by OPG or by one or more other Subsidiaries or by OPG and one or more other Subsidiaries, or

(b) any Person (other than a corporation) in which OPG, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to either (i) those accounting principles which are recognized as being generally accepted in Canada as set out in the Handbook published by the Canadian Institute of Chartered Accountants or any successor organization, applied on a consistent basis, or (ii) where and for as so long as is necessary to give effect to any applicable laws, those accounting principles that are recognized as being generally accepted in the United States of America and which are in effect from time to time, as promulgated by the Financial Accounting Standards Board, or successor organization, applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next following Business Day.

ARTICLE 2
NON-REVOLVING CREDIT FACILITY

Section 2.1 Availability.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG up to the amount of the Commitment.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to OPG under the Credit Facility shall not at any time exceed the Commitment. The Credit Facility shall not revolve.

Section 2.3 Use of Proceeds.

OPG shall use the proceeds of Advances for General Corporate Requirements.

Section 2.4 Mandatory Repayment.

Subject to Sections 3.6 and 5.2, OPG shall repay each Advance on the applicable Repayment Date or Adjusted Repayment Date, as the case may be.

Section 2.5 Prepayments.

(1) OPG shall have the right, at its option, to repay at any time, in whole or in part, any Advance Outstanding under this Agreement, provided that the minimum principal amount to be repaid at any time shall be $50,000,000 and the total principal amount which may be repaid in any one calendar year shall not exceed 50% of the total of all of

the Advances when such total Advances are more than $100,000,000, by payment to OEFC of the amount calculated in accordance with this section (the "Prepayment Amount").

(2) The Prepayment Amount shall be calculated as the sum of the following:

(a) the amount of the Advance Outstanding to be paid on the Prepayment Date;

(b) the accrued and unpaid interest on the amount of the Advance Outstanding to be paid on the Prepayment Date; and

(c) the Make-Whole Amount, if any, applicable to the amount of the Advance Outstanding to be paid on the Prepayment Date.

(3) OPG shall provide OEFC with written notice of its intention to prepay any Advance Outstanding, in whole or in part, not more than 90 calendar days and not less than 30 calendar days prior to the date OPG intends to make such payment (the "Prepayment Date"). The Prepayment Date shall be a Business Day. The notice ("Prepayment Notice") shall specify: (a) the principal amount to be repaid; (b) the Prepayment Date; and (c) OPG's covenant to pay the Prepayment Amount on the Prepayment Date. The Prepayment Notice is irrevocable and binding on both parties.

(4) On the Prepayment Calculation Date, OEFC shall provide OPG with written notice setting out the calculation of the Prepayment Amount, including a reasonably detailed calculation of the Make-Whole Amount and the assumptions used in making such calculations. An example of such calculation is set forth in Schedule 3 attached to this Agreement.

(5) OEFC shall give OPG one Business Day to review the calculations, after which the calculation of the Prepayment Amount shall be binding on OPG, absent manifest error.

Section 2.6 Advances and Payments under this Agreement.

(1) OEFC shall make Advances to OPG under this Agreement to or to the order of OPG by wire transfer of immediately available funds in accordance with wire transfer instructions given by OPG to OEFC from time to time, or in such other manner as OPG may specify to OEFC from time to time.

(2) OPG shall make any payment required hereunder to be made by it to OEFC, to or to the order of OEFC, by wire transfer of immediately available funds in accordance with wire transfer instruction given by OEFC to OPG from time to time, or in such other manner as OEFC may specify to OPG from time to time. OPG shall make each such payment in Canadian Dollars.

ARTICLE 3
ADVANCES AND INTEREST

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to OPG under the Credit Facility from time to time on any Business Day prior to January 1, 2018. OPG shall not request Advances more than four (4) times per calendar year without first obtaining the prior written consent of OEFC. OPG may request at the same time Advances for the Darlington Requirements and for the Other General Corporate Requirements. It is anticipated that OPG will request these Advances approximately quarterly throughout a calendar year.

The Repayment Dates of the Proposed Advances for any date shall be such that the Repayment Dates are a) no more than 30 years after the date of the Proposed Advances for no more than 50% of the total amount of such Proposed Advances, and b) no more than 10 years after the date of the Proposed Advances for the remaining amount of the Proposed Advances.

No Advances shall be made under this Agreement after December 31, 2017.

Section 3.2 Procedure for Advances.

OPG shall provide OEFC with written notice requesting an Advance at least 10 Business Days prior to the date of the Advance; provided that if the total of the Proposed Advances for any date exceeds $200,000,000, such notice shall be provided at least 20 Business Days prior to the date of the Advance unless otherwise agreed. Each such notice (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1 and shall specify, with respect to each Proposed Advance: (a) the date of the Advance (the **"Advance Date"**); (b) the principal amount of the Advance; (c) the purpose of the Advance, that is, whether it is for Darlington Requirements or Other General Corporate Requirements; (d) the Repayment Date of the Advance; and (e) the Interest Payment Dates. The interest rate that shall apply to such Advance shall be set in accordance with the procedure set forth in Section 3.4.

Section 3.3 Issue of Notes.

(1) By no later than 5:00 p.m. on the date that OPG delivers the Borrowing Notice, OPG shall deliver in escrow to OEFC executed promissory note(s) in the principal amount of the Advance(s), substantially in the form of Schedules 2 and 2A. Each Note shall be

dated the date of the respective Advance and shall mature on the Repayment Date and bear interest at the rate per annum (after as well as before Default or judgment) agreed to pursuant to Section 3.4, with interest on the amounts in Default at the same rate. The Notes delivered in escrow shall not contain the interest rate, therefore OEFC shall complete the interest rate on the day of the Advance, and provide OPG with a certified true copy of same. The Notes shall automatically be released from escrow upon receipt by OPG of the amount of the Advance. In the event that funds are not received by OPG on the Advance Date, OPG and OEFC agree to take all steps necessary to amend the date of the Notes and the applicable Repayment Dates, without amending the interest rate that was agreed to with respect to such Advance, subject to Section 3.4(2) hereof. OPG shall provide OEFC with written notice (which may be made by electronic transmission) that it has received the Advance and that the Notes have therefore automatically been released from escrow.

(2) The Notes shall at all times rank *pari passu* with all other unsubordinated Indebtedness of OPG, subject to the existence of any Permitted Liens of OPG.

(3) Interest shall be payable on the Notes in accordance with Section 3.4.

(4) All amounts owing in respect of the Notes shall be paid without exercising any right or set off or counterclaim by OPG irrespective of whether or not, at the time any such amount is due and payable, amounts are due and payable by OPG to OEFC.

Section 3.4 Interest on Advances.

(1) The interest rate applicable to an Advance shall be the aggregate of the applicable Base Rate and the Applicable Spread. The Applicable Spread shall be determined by OEFC and shall be calculated as of the date that is at least 1 Business Day before the Advance Date and not greater than 5 days before the Advance Date.

(2) OEFC shall notify OPG of the Applicable Spread and Base Rate in writing by no later than 2:00 p.m. on the Business Day before the Advance Date, provided that OPG has up to 5 Business Days to advise OEFC of any errors or discrepancies.

(3) Interest shall accrue daily on the principal amount of each Note from and including the date of the Note to but excluding the Repayment Date of such Advance, at an annual rate equal to the aggregate of the Base Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default) and shall be payable in equal semi-annual installments on the Interest Payment Dates.

(4) Notwithstanding the foregoing, whenever it is necessary to compute interest in respect of the Notes for a period of less than one full year, other than such equal semi-annual installments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days. If any Repayment Date is not a Business Day, such

Repayment Date will be adjusted to the following Business Day, (the "Adjusted Repayment Date"), and, notwithstanding Section 1.5 of this Agreement, additional interest shall accrue daily on the principal amount of each Note from and including the Repayment Date to but excluding the Adjusted Repayment Date of such Advance, at an annual rate equal to the aggregate of the Base Rate and the Applicable Spread (both before and after the date such principal amount or interest thereon becomes due and both before and after Default), and shall be payable together with the principal amount of the Advance on the Adjusted Repayment Date.

Section 3.5 Computations of Interest.

(1) All computations of interest shall be made by OEFC taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 3.6 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, OPG shall not be obliged to make any payments of interest or other amounts payable to OEFC hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by OEFC of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada), as amended from time to time).

(2) In the event that any such payments are limited or prohibited as provided in Section 3.6(1), OEFC shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 3.7 Conditions Precedent.

The obligation of OEFC to make the Advances pursuant to Section 2.1 is subject to the following conditions being met to OEFC's satisfaction at the time of making each Advance:

(a) that the representations and warranties of OPG contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default;

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of OPG; and

(d) that OEFC has received such other documentation which it has reasonably requested to ensure that OPG is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions including resolutions authorizing the borrowing and authorized signatories.

ARTICLE 4
COVENANTS OF OPG

Section 4.1 Payment of Advances.

OPG will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPG will Maintain its Corporate Existence.

Subject to Section 6.1, OPG will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

OPG will cause all property owned by OPG or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of OPG or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that OPG or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent OPG or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of OPG or any Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

OPG will cause all property owned by OPG or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for

mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the nature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

Subject to Section 4.3, OPG will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

OPG will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of OPG or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the creation, incurrence or assumption of any Lien over assets that relate to a Specified Project, or to such other projects as may be agreed to from time to time;

(c) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of OPG or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(d) Permitted Liens;

(e) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b), (c) or (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(f) any Lien charging the interest of OPG or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b), (c) or (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(f) which is outstanding at such time does not exceed 10% of Consolidated Net Worth at such time.

Section 4.7 Payment of OEFC Expenses.

OPG will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Prime Rate calculated and payable monthly in arrears from the 30th day after demand for reimbursement thereof is made by OEFC.

Section 4.8 Reporting Requirements.

OPG will provide to OEFC, or at its direction, to the Province of Ontario and the Ontario Financing Authority any available information respecting the Darlington Refurbishment Project and the Credit Facility which may be reasonably requested by OEFC, the Province of Ontario or the Ontario Financing Authority from time to time and which may include, without limitation, information on Darlington Refurbishment Project milestones and progress achieved and expected, financial progress and explanations and variances, if any between what expected and actual progress.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date;

(c) failure on the part of OPG to observe or perform its obligations set forth in Section 6.1;

(d) failure on the part of OPG to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 30 days after the date on which written notice of such failure shall have been given to OPG by OEFC;

(e) any representation or warranty made by OPG in this Agreement or in any certificate or other document at any time delivered hereunder to OEFC was incorrect or misleading in any material respect;

(f) one or more breaches by OPG of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $25 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) OPG, or any Material Subsidiary:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,
and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such

proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(g)(i) to (iii); or

(h) if there shall be rendered against OPG or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $25 million by a court or courts of competent jurisdiction, and OPG or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case OEFC may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to OPG, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OEFC.

If an Event of Default occurs and is continuing, OEFC may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in OEFC by this Agreement or by law.

Section 5.4 OEFC May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of OPG under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of OPG, or if any other judicial proceedings relative to OPG, its creditors or its property are pending, OEFC shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of OEFC (including any claim for fees and disbursements of OEFC, its agents and counsel as contemplated under Section 4.7) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to OEFC is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of OEFC to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OEFC may be exercised from time to time, and as often as may be deemed expedient, by OEFC.

ARTICLE 6
CONSOLIDATION, AMALGAMATION, MERGER OF OPG

Section 6.1 Certain Requirements in Respect of Merger, etc.

OPG may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into OPG or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the Province of Ontario.

Section 6.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 6.1 in which OPG is not the continuing corporation,

the successor Person shall succeed to all of the rights and obligations of OPG under this Agreement, and from time to time may exercise every right and power of OPG under this Agreement.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES OF OPG

Section 7.1 Representations and Warranties of OPG.

OPG represents and warrants to OEFC that:

(a) the borrowing of money (including principal and accrued interest) by OPG and the execution, delivery and performance of this Agreement are within the powers and capacities of OPG and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of OPG, laws of Ontario, including laws of Canada applicable therein, applicable to OPG or any contractual or other obligation binding on OPG;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of OPG enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by OPG for the purposes set out in Section 2.3.

Section 7.2 Continuation of Representation and Warranties.

The representations and warranties set out in Section 7.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by OEFC, notwithstanding any investigations or examinations which may be made by counsel for OEFC.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to OPG, to it at:

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

Attention: Treasurer
Telephone: 416-592-6392
Telecopier: 416-592-4189

If to OEFC, to it at:

Ontario Electricity Financial Corporation
c/o Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, ON M7A 1Y7

Attention: Executive Director - Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice shall be addressed as indicated on Schedule 1.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice given in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of OEFC and OPG and their respective successors and permitted assigns, except that OPG shall not, without the prior written consent of OEFC assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of OEFC and OPG.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of OPG and OEFC shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 8.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 17th day of June, 2016.

ONTARIO POWER GENERATION INC.

by: _____
Name: John Lee
Title: Vice President Treasurer

and: _____
Name: Ken Hartwick
Title: Senior Vice President Finance,
Strategy, Risk & Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE "A"

SPECIFIED PROJECTS

1) Lower Mattagami Project

The Lower Mattagami Project, being the redevelopment and expansion of the Lower Mattagami river complex comprising of 4 hydroelectric generating stations, being Little Long, Smoky Falls, Harmon and Kipling hydroelectric generating stations (and the related operational, transmission and interconnection assets) located on the Mattagami River in north-eastern Ontario approximately 70 km northeast of Kapuskasing, in the District of Cochrane and more specifically involving (a) the addition of a third turbine/generator unit at each of Little Long, Harmon and Kipling hydroelectric generating stations; (b) the construction of a 3-unit station with installed turbine capacity of 268 MW and decommissioning of the existing Smoky Falls hydroelectric generation station; and (c) related transmission work in order to connect the new generation to the grid.

Lower Mattagami Project Subsidiaries

- LM Energy Inc.;
- Lower Mattagami Energy Limited Partnership;
- Lower Mattagami Limited Partnership; and
- LM Extension Inc.

2) Peter Sutherland Sr. GS Project (formerly the New Post Creek Project)

The Peter Sutherland Sr. GS Project is a greenfield development of a 28 MW, two unit, hydroelectric generating facility on the New Post Creek, which is located approximately 200 km north of Timmins and situated 10 km northeast of the Abitibi Canyon Generating Station and 20 km south of the Otter Rapids Generating Station, both existing OPG assets. The facility site lies within the traditional territory of the Taykwa Tagamou Nation. The generating facility will be located on the Abitibi River, with the intake at New Post Creek, approximately 6 km upstream of its confluence with the Abitibi River. Upon completion of construction, the facility is expected to generate an average of 129 GWh annually. The total installed capacity of the facility is anticipated to be 28 MW. The development of the facility is expected to be completed no later than December 2017.

Peter Sutherland Sr. GS Project Subsidiaries

- PSS Generating Station LP

SCHEDULE 1

FORM OF BORROWING NOTICE

Date:

Ontario Electricity Financial Corporation **("OEFC")**
c/o Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management
Via e-mail*: CashP@ofina.on.ca

Dear Sirs:

The undersigned, Ontario Power Generation Inc. ("OPG"), refer to the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between OPG and OEFC, and gives you notice pursuant to Section 3.2 of the Agreement that OPG requests the following Advances under the Agreement (each a **"Proposed Advance"**), and, in that connection, sets forth below the information relating to such Proposed Advances as required by Section 3.2 of the Agreement:

Proposed Advance – term up to 30 years:

(a) The date of the Proposed Advance, being a Business Day is ●
(b) The principal amount of the Proposed Advance is $● **[may not be amount greater than Proposed Advance – term up to 10 years]**
(c) The purpose of the Proposed Advance is **[Darlington Requirements or, Other General Corporate Requirements]**
(d) The Repayment Date of the Proposed Advance is **[insert repayment date i.e. a date not more than 30 years after the date of the Proposed Advance]**
(e) The Interest Payment Dates are **[insert semi-annual interest payment dates].**

Proposed Advance – term up to 10 years:

(a) The date of the Proposed Advance, being a Business Day is •
(b) The principal amount of the Proposed Advance is $•
(c) The purpose of the Proposed Advance is **[Darlington Requirements or, Other General Corporate Requirements]**
(d) The Repayment Date of the Proposed Advance **is [insert repayment date i.e. a date not more than 10 years after the date of the Proposed Advance]**
(e) The Interest Payment Dates are **[insert semi-annual interest payment dates].**

OPG hereby certifies that:

The representations and warranties of OPG contained in the Agreement are true and correct as at the date hereof.

The Repayment Date of any of the Proposed Advance(s) is no more than 30 years after the date of such Proposed Advance for no more than 50% of the total of all Proposed Advances to be made on the date of the Proposed Advance.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

OPG has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received previously as Advances under the Agreement have been expended or are being held solely for the purpose for which they were advanced; no part of said funds has been nor any part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER GENERATION INC.

Per: _____
Authorized Signature

*To be confirmed by telephone call to OEFC Cash Management (416) 325-8108

SCHEDULE 2

ONTARIO POWER GENERATION INC.

NOTE
(GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY)

Principal Amount: $• Date: •
Interest Rate: •% per annum
Due: • **[no more than 10 years after the proposed date of the advance]**

FOR VALUE RECEIVED, ONTARIO POWER GENERATION INC. ("OPG"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $• in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on •.

OEFC shall and is unconditionally and absolutely authorized and directed by OPG to record the date and amount of each prepayment, made with OEFC's consent, on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note (the "Records". OPG agrees that, in the absence of manifest mathematical error, the Records shall be p*rima facie* evidence of such payments, provided that the failure of OEFC to record or correctly record any amount or date shall not affect the obligation of OPG to pay the outstanding principal amount of the advances and interest, if applicable.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after Default at the rate of per annum equal to •%. Interest at such rate shall accrue daily and shall be payable in arrears, in equal semi-annual payments on • and • of each year commencing • until repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Whenever it is necessary to compute interest in respect of this Note for a period of less than one full year, other than such equal semi-annual payments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 between OPG and OEFC (the "**Agreement**"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of OPG. OPG waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF OPG has executed this Note

ONTARIO POWER GENERATION INC.

By:

By:

SCHEDULE 2 A

ONTARIO POWER GENERATION INC.

NOTE
(GENERAL CORPORATE REQUIREMENTS CREDIT FACILITY)

Principal Amount: $• Date: •
Interest Rate: •% per annum
Due: • **[no more than 30 years after the proposed date of the advance]**

FOR VALUE RECEIVED, ONTARIO POWER GENERATION INC. ("OPG"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $• in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on •.

OEFC shall and is unconditionally and absolutely authorized and directed by OPG to record the date and amount of each prepayment, made with OEFC's consent, on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note (the "Records". OPG agrees that, in the absence of manifest mathematical error, the Records shall be p*rima facie* evidence of such payments, provided that the failure of OEFC to record or correctly record any amount or date shall not affect the obligation of OPG to pay the outstanding principal amount of the advances and interest, if applicable.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after Default at the rate of per annum equal to •%. Interest at such rate shall accrue daily and shall be payable in arrears, in equal semi-annual payments on • and • of each year commencing • until repaid in full. Overdue interest shall bear interest at the same rate, calculated as aforesaid. Whenever it is necessary to compute interest in respect of this Note for a period of less than one full year, other than such equal semi-annual payments, such interest shall be calculated on the basis of the actual number of days elapsed in a year of 365 days.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the General Corporate Requirements Credit Facility Agreement dated June 17, 2016 between OPG and OEFC (the "**Agreement**"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of OPG. OPG waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF OPG has executed this Note

ONTARIO POWER GENERATION INC.

By:

By:

SCHEDULE 3

CALCULATION OF MAKE-WHOLE AMOUNT AND EXAMPLE CALCULATION

For the purposes of this Schedule 3, the following terms shall have the meanings assigned to them below:

"OPG Market Price" means the price that is calculated using the OPG Interpolated Yield for the remaining term to maturity of the Advance Outstanding as of the Prepayment Calculation Date.

"OPG Interpolated Yield" means the interpolated yield calculated by using a Province of Ontario Yield Curve.

"Province of Ontario Yield Curve" means the yield curve that is constructed of only issues with an active, whole-bond float of at least CAD $2 Billion in size.

OEFC will calculate the Make-Whole Amount as the OPG Market Price multiplied by the amount of the Advance Outstanding that is to be repaid.

If the shape of the Province of Ontario Yield Curve for the remaining term to maturity is convex, then a cubic-spline method for interpolation will be used (i.e. the interpolation will follow the curvature of that portion of the yield curve). If the constructed yield curve is concave at this term, a linear (i.e. straight line) method of interpolation will be used.

Example

On 22 April, 2005 OEFC provided OPG with an Advance for $75 million at 5.575% for a term of 10 years. OPG gives notice to prepay the Advance Outstanding of $75 million on February 4, 2010.

Prepayment Date:	Feb 4, 2010
Repayment Date of original Advance:	April 22, 2015
Coupon Rate:	5.575%
OPG Interpolated Yield:	2.875%

Ontario issues used for Interpolation (linear)

ONT 4.5% 08 MAR 2015 ($3.0B Float):	*2.839%*
ONT 4.4% 08 MAR 2016 ($3.0B Float):	*3.135%*

OPG Market Price: 112.99

Make-Whole Amount: $75 million x ((112.99 – 100)/100) = $9.7 million

From:	Lisa Stein
To:	Kelly Listoe
Cc:	Jean-Francois Beaupre
Subject:	RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx
Date:	Wednesday, July 26, 2017 1:36:26 PM

Perhaps you could send them this amendment?

From: Kelly Listoe
Sent: Wednesday, July 26, 2017 11:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

This is with OPG and has been for a week now.

From: Lisa Stein
Sent: Wednesday, July 26, 2017 11:48 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Kelly,

What is the current status of this amending agreement? If it is not too late, we recommend adding the following to the beginning of section 4 (Base Rate):

"On or after the date of this Amending Agreement…."

We are suggesting this change on the basis the new process for calculating "Base Rate" (as amended) would only occur after the execution of the Amending Agreement. However, if it is too late for this additional amendment, we think it is already implied in any event.

Happy to discuss,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Kelly Listoe
Sent: Thursday, July 13, 2017 9:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi Lisa/ Sarah

So there is yet another twist to this. OPG has requested a new item be added to clarify the definition of "subsidiary" to **exclude** any financing entity related to the Ontario Fair Hydro Plan Act. The OFA has been involved in the developments related to this Act and both Linda and John Kim's group are fine with this and are comfortable with OPG's wording, as am I. I have added what they sent to the amendment for your review (item #5).

Also attached is the original agreement for ease of reference.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Lisa Stein
Sent: Thursday, June 29, 2017 11:18 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: AMENDING AGREEMENT (CompareJuneFeb)-revised 0628.docx

Hi all,

Please see latest black-lined draft attached. Linda Smith and I worked together to re-draft the definition of "Base Rate" to ensure that it reflects the operational process. If you are satisfied with this draft I don't need to review further before you send a clean version to OPG.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Sarah Neville
To:	William Tan
Cc:	Lisa Stein; Sarah Harris
Subject:	RE: Amending Agreement 10 review
Date:	Wednesday, July 12, 2017 8:42:32 AM

Hi William – I will review these documents while Lisa is away. Could you please advise as to timing?

Thanks very much,

Sarah

From: William Tan
Sent: Tuesday, July 11, 2017 8:36 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Amending Agreement 10 review

Hello Sarah N,

Lisa was assisting me with the Amending Agreement 10, for the existing IESO OFA Credit Facility. While Lisa is away, who can we forward this to for review?

Part of the Fair Hydro Plan implementation process, requires reducing the existing credit facility from $975 million, down to $475 million (Amending Agreement 10).
Attached is the draft amending agreement with IESO's first round of comments. I have provided my comments as well for OFA Legal's review. One particular section (Use of Proceeds) requires Electricity Finance's review which I have already forwarded to them for review.

Concurrently IESO is reviewing our draft $2 billion FHP Credit Facility Agreement. I've included the approved directive and underlying OIC. We are expecting to receive comments on that draft in the near future as well. We will eventually require assistance with that as well. I will send a separate emails with the other 9, amending agreements to keep the emails small.

For background purposes I've attached
IESO OFA Amending Agreement 10
Original Credit Facility Agreement
History of IESO OFA Amending Agreements.
IESO Credit Requirements for the 2017 Fair Hydro Plan letter(IESO Request letter) outlining implementation process.
Directive
Underlying OIC

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein
Subject:	RE: Are you available for a quick call this morning re: FHP?
Date:	Monday, October 30, 2017 10:52:23 AM

How about 11:15?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 10:36 AM
To: Whitfield, Tobias P. (MOF)
Subject: Are you available for a quick call this morning re: FHP?
Importance: High

Please let me know your availability.

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From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	RE: Are you available for a quick call this morning re: FHP?
Date:	Monday, October 30, 2017 11:00:06 AM

Perfect. I'll send a planner

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, October 30, 2017 10:52 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Are you available for a quick call this morning re: FHP?

How about 11:15?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 10:36 AM
To: Whitfield, Tobias P. (MOF)
Subject: Are you available for a quick call this morning re: FHP?
Importance: High

Please let me know your availability.

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From:	William Tan
To:	Sarah Harris; Lisa Stein
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx
Date:	Friday, June 23, 2017 4:57:04 PM
Attachments:	Grid Note for RPP as of June 20 2017.xls

Hello,

Please find the revised format of the grid note.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Oops. Here's the attachment.

From: Sarah Harris
Sent: Friday, June 23, 2017 4:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Thanks, Lisa.

I've accepted your changes and cleaned up the draft. Based on Salman's comment, I've removed the question IESO regarding "medium" term vs short term advances.

As such, I only have one comment box left as an inquiry for IESO.

I cleaned up one typo, and the title on the Grid Note was in the wrong place.

Will – Would you please format the grid note to be on one page and resend to us.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 4:11 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Blacklined vs OFA Legal version 12 38 pm-rev.docx

Please see attached with a few additional tweaks. Please let me know if you would like to discuss

further.

Thanks,

Lisa

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: 475,000,000.00

Project: Regulated Price Plan Variance
Schedule of loan transa 21-Jul-2017
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31

Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transa 20-Jun-2017
Loan Advanced to: 20-Jun-2017

New Loan and/or Rollover

New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10
$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59
$11,022.06	$11,022.06	$0.00	$11,022.06
$51,431.79	$51,431.79	$0.00	$51,431.79
$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62
$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28
$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76
$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68
$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92
73,796.11	$0.00	$0.00	$0.00

	Actual Repayment		
Interest Amount	Actual Repayment	Principal	Interest
$842.02	$842.02	$0.00	$842.02
2,950.27	$0.00	$0.00	$0.00

Actual Repayment Date	Actual No. Of Days
19-Sep-2016	31
19-Oct-2016	30
21-Nov-2016	33
21-Dec-2016	30
20-Jan-2017	30
21-Feb-2017	32
21-Mar-2017	28
24-Apr-2017	34
23-May-2017	29
21-Jul-2017	31

Actual Repayment Date	Actual No. Of Days
20-Jun-2017	33
21-Jul-2017	31

From: William Tan
To: Sarah Neville
Cc: Lisa Stein
Subject: RE: Call with IESO
Date: Tuesday, July 25, 2017 12:37:29 PM
Attachments: RE IESO OFA new FH credit facility - Amending Agreement 10.msg

---

Hi Sarah,

Sorry I assumed Lisa briefed you to include you in the meeting.
We don't plan on discussing changing of any signing authorities. I asked IESO for signing authority related materials. IESO Legal would like to discuss a couple of small items with OFA Legal rather than having a back and forth via drafts. IESO Legal also suggest that the Delegation of Authority may not be necessary. We involved Electricity Finance specifically for the "Use of Proceeds" and directive matters.

I asked for the following updated material in case signing authorities or approval thresholds have changed:

Resolution of the Board of Directors,
Certificate of Incumbency and
Delegation of Authority (IESO Statement of Policy).

From: Sarah Neville
Sent: Tuesday, July 25, 2017 12:25 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Call with IESO

Hi William – is the call to discuss the amendment or the signing authorities? I don't need to be at a signing authorities call but should be present if the amendment is to be discussed. Also, shouldn't Gavin and/or Shaji or someone from CEFD be on the call?

Please advise

Thanks

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority

1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From: Lisa Stein []
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Kelly Listoe [Kelly.Listoe@ofina.on.ca]; Jean-Francois Beaupre [Jean-Francois.Beaupre@ofina.on.ca]
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Tuesday, July 25, 2017 10:27:20

Hi Will,

Can you please set up the call and include Sarah N. and myself? We are both available between 3 and 4.

Thanks,

Lisa

From: William Tan
Sent: Tuesday, July 25, 2017 10:07 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Lisa

Below are the items I asked for below. Victor says that the Delegation of Authority may not apply here. I anticipate that IESO is offering to provide a IESO Statement of Policy as an alternative to Delegation of Authority? If so, according to the sample (provided in the past) which provides signing authorities and amounts would be a good alternative to the Delegation of Authority. Can you arrange to speak with Victor and please include me in the invite.

Resolution of the Board of Directors,
Certificate of Incumbency and
Delegation of Authority (IESO Statement of Policy).

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 9:41 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not

sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello

Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time, **provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a

total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3
This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.
"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Mark Froud
To:	"Khalid, Maryam (MOF)"
Cc:	Lisa Stein
Subject:	RE: DICO Credit Facility
Date:	Thursday, August 16, 2018 9:10:45 AM
Attachments:	OFA"s Annual Borrowing and On-Lending Plan 2018-19 V7 (with Appendix I)....docx

Hi Maryam,

Attached is the OFA's Annual Borrowing and On-Lending Plan. I will send you the OFA Lending Policy shortly.

Thanks,
Mark

From: Khalid, Maryam (MOF) [mailto:Maryam.Khalid@ontario.ca]
Sent: Wednesday, August 15, 2018 5:07 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mark Froud <Mark.Froud@ofina.on.ca>
Subject: RE: DICO Credit Facility

Hi Lisa,

Thanks for clarifying, that looks fine then. Do you mind still sending along the lending policy and the plan, just for my general information?

Thanks,

Maryam Khalid

Counsel
Ministry of Finance, Legal Services Branch
Civil Law Division | Ministry of the Attorney General
Tel: 416-325-1719, Fax: 416-325-1460
maryam.khalid@ontario.ca

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: Wednesday, August 15, 2018 5:00 PM
To: Khalid, Maryam (MOF); Froud, Mark (OFA)
Subject: RE: DICO Credit Facility

Hi Maryam,

I've amended the draft directive, attached, to clarify the third paragraph re: determination of the spread. In response to your concern, below, the value of the spread will be included in the Loan Agreement. As such, the *Interest Act* rate would not be applicable.

Please let me know if this addresses your concern and if you would still like a copy of the OFA Lending Policy (as well as the OFA's Annual Borrowing and On-Lending Plan). Happy to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Khalid, Maryam (MOF) [mailto:Maryam.Khalid@ontario.ca]
Sent: Wednesday, August 15, 2018 3:26 PM
To: Mark Froud <Mark.Froud@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: DICO Credit Facility

Thanks, Mark. Do you have a copy of the current Lending Policy I could take a look at? The only issue I would have with not including the specific value of the spread is that if it is not sufficiently clear what the applicable spread is based on the Lending Policy, the Interest Act could kick in and deem the interest rate to be 5%. In the other loans I've worked on the spread has been specified, so I haven't flagged it before.

Maryam

From: Mark Froud [mailto:Mark.Froud@ofina.on.ca]
Sent: Tuesday, August 14, 2018 1:29 PM
To: Khalid, Maryam (MOF)
Cc: Stein, Lisa (OFA)
Subject: RE: DICO Credit Facility

Hi Maryam,

I have accepted your edits on the Directive. Regarding your question about the sentence including the specific spread of 72.5 basis points. We have refrained from including the exact spread as it will change over time as the OFA's Lending Policy is reviewed and amended. The formula for calculating the spread should be sufficient.

Regarding the Term Sheet, I have added additional wording that the applicable Repayment Date will be 3 months after the relevant Advance.

Thanks,
Mark

From: Khalid, Maryam (MOF) [mailto:Maryam.Khalid@ontario.ca]
Sent: Monday, August 13, 2018 4:56 PM
To: Mark Froud <Mark.Froud@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: DICO Credit Facility

Thanks, Mark. Just a couple small comments. I removed the other comments/track changes for this version just for ease of reading.

Best,

Maryam Khalid

Counsel
Ministry of Finance, Legal Services Branch
Civil Law Division | Ministry of the Attorney General
Tel: 416-325-1719, Fax: 416-325-1460
maryam.khalid@ontario.ca

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From: Mark Froud [mailto:Mark.Froud@ofina.on.ca]
Sent: Monday, August 13, 2018 11:51 AM
To: Khalid, Maryam (MOF)
Cc: Stein, Lisa (OFA)
Subject: RE: DICO Credit Facility

Hi Maryam.

Please find revised versions of the Term Sheet and Directive for your review.

Thanks,
Mark

From: Khalid, Maryam (MOF) [mailto:Maryam.Khalid@ontario.ca]
Sent: Wednesday, August 08, 2018 3:13 PM
To: Mark Froud <Mark.Froud@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: DICO Credit Facility

Hi Mark, hi Lisa,

I've added some comments to the term sheet and directive, and I've responded to the question on the directive. Let me know if you'd like to discuss.

Thanks,

Maryam Khalid

Counsel
Ministry of Finance, Legal Services Branch
Civil Law Division | Ministry of the Attorney General
Tel: 416-325-1719, Fax: 416-325-1460
maryam.khalid@ontario.ca

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From: Mark Froud [mailto:Mark.Froud@ofina.on.ca]
Sent: Friday, August 03, 2018 4:10 PM
To: Khalid, Maryam (MOF)
Cc: Stein, Lisa (OFA)
Subject: DICO Credit Facility

Hi Maryam,

Please find attached a Term Sheet for the DICO $400 million OFA line of credit and a Minister's Directive related to the line of credit, for your review. There is one question on the Directive that Lisa has flagged for you to check.

Thanks and have a nice long weekend,

Mark

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OFA'S ANNUAL BORROWING AND ON-LENDING PLAN
FISCAL YEAR 2018-19

ISSUE

The OFA Lending Policy requires that the Board review the Annual Borrowing and On-Lending Plan and approve the OFA's cost recovery fee and proxy commercial interest rate spreads related to the OFA's on-lending activities to public bodies.

RECOMMENDATION

It is recommended that the OFA Board approve:

1. No change in the cost recovery fee of 2.5 basis points (bps) per annum on new loans to public bodies to cover costs related to upfront loan origination and on-going loan monitoring and administration; and
2. A decrease in the maximum proxy commercial interest rate spread to 70 bps from 75 bps in fiscal 2017-18. The following commercial interest rate spreads are to be assigned to different project risk ratings as:

   "C" Risk Rating: Province's cost of funds + cost recovery fee + 70 bps.
   "B" Risk Rating: Province's cost of funds + cost recovery fee + 50 bps.
   "A" Risk Rating: Province's cost of funds + cost recovery fee + 25 bps.

For those loans with a credit risk rating higher than a "C" Risk Rating, it is recommended that the OFA charge an additional credit spread premium that is reflective of the loan's risk profile.

It is further recommended that the OFA continue to conduct an annual review of both spreads to ensure that there are no significant long-term under/over recoveries that may require corrective action and the proxy commercial spread is reflective of credit market conditions.

COST RECOVERY SPREAD

- The OFA's Lending Policy requires the OFA to recover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.
- The OFA uses a basis points (bps) spread cost recovery methodology. The total costs are divided by the average loan portfolio balance to reach the cost recovery spread in bps.
- The calculation methodology reflects current realities of a mature loan portfolio, and it supports the OFA's recommendation to maintain the cost recovery spread for new loans at 2.5 bps per annum in fiscal 2018-19.
- The Ontario Internal Audit Division (OIAD) reviewed the calculation methodology in March to May 2018 and concluded that the bps spread calculation methodology proposed by the OFA was reasonable and appropriate.
- The cost recovery fee is charged as a bps spread on the loan interest rate and recovered over the term of the loan. It is estimated that 2.5 bps is required to recover the costs of administering OFA loans in 2018-19.

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19E
Size of Loan Portfolio	$6.0 billion	$6.0 billion	$6.0 billion	$6.0 billion	$5.9 billion	$5.9 billion
Estimated FTEs	10.80	10.39	8.14	9.44	7.89	10.00
Cost Recovery Spread	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps	2.5 bps
Total Costs	**$1,623,226**	**$1,443,454**	**$1,151,310**	**$1,414,570**	**$1,222,493**	**$1,700,837**
Cost Recovery Revenue	**$1,875,800**	**$1,937,069**	**$1,921,531**	**$1,906,227**	**$1,853,144**	**$1,857,547**
Cumulative Over/(Under) Recoveries	**($2,451,750)**	**($1,958,134)**	**($1,187,913)**	**($696,256)**	**($65,605)**	**$91,104**

- On a cumulative basis, the OFA is projected to begin being in an over-recovered position in 2018-19. The under-recovery due to the start-up costs and legacy of no recoveries at the inception of the on-lending program is projected to be fully offset by annual over-recoveries in the past six years resulting from the higher cost recovery spread of 5 bps that was charged from 2007-08 to 2009-10 and 3 bps in 2010-11.
- Although the OFA took corrective action to reduce the cost recovery spread to 2.5 bps in 2011-12, the annual over-recovery will persist until the loans that were charged 5 bps and 3 bps are fully paid off in about fifteen to eighteen years.
- The revenues have remained relatively constant since the size of the loan portfolio has remained relatively stable. Over the next few years, the size of the loan portfolio is expected to slowly decrease since the school board loan program has ended with no more new loans to be issued. Total new loan issues may be surpassed by principal repayments on existing loans.
- The total costs for 2017-18 decreased from a year earlier mainly due to the efficiency of the newly developed OFA Loan Management System which allowed for the reduction of FTEs required in managing the OFA loan program.
- The total costs for 2018-19 are expected to increase from the previous year due to anticipated new complex public body loan programs such as Ministry of Advanced Education and Skills Development retro-fit energy saving loan program for universities and colleges and loans for hospitals.

PROXY COMMERCIAL SPREAD

- The OFA Lending Policy requires the OFA to charge a proxy commercial interest rate spread for projects that are deemed commercial in nature, in order to better reflect the underlying risk of such projects. The spread is added to the Province's costs of funds and cost recovery fee and recovered over the term of the loan.
- The proposed 70 bps spread is arrived at based on a methodology used in the past two years, which analyzes various sources of long-term bonds with similar commercial risk profiles and constructs for either "A/A-" or "A/BBB" rated long-term bond indices.
- An average interest rate spread of the three indices over the Province's 20-year cost of funds is calculated and it is further reduced by 10 bps to convert the long-term interest rate spread to a medium-term interest rate spread as the average duration of OFA loans is approximately 10 years.
- With the appropriate interest rate spreads representing risks embedded in the loans, the borrowers should be more motivated to pay back their loans in a timely manner.
- As recommended, the maximum medium term interest rate spread is 70 bps versus 75 bps in F2017-18.
- In fiscal 2017-18, the total OFA retained interest from the proxy commercial spreads was $2,632,771, an 80% increase from a year earlier resulting from a relatively higher average outstanding amount of agency loans throughout the year. The agency loans are subjected to

the proxy commercial spread charge as opposed to the school board loans for which only an administration fee is charged over the province's cost of borrowing.

Fiscal Year	Composite Medium-term Spread Over Province's Cost of Funds	Recommended Maximum Spread	OFA Retained Interest
2018-19	72 bps	70 bps (recommended)	N/A
2017-18	75 bps	75 bps	$2,632,771
2016-17	65 bps	65 bps	$1,452,707
2015-16	70 bps	70 bps	$1,249,255
2014-15	45 bps	45 bps	$1,303,898
2013-14	54 bps	55 bps	$1,288,346
2012-13	55 bps	55 bps	$1,132,813
2011-12	52 bps	50 bps	$832,391
2010-11	50 bps	50 bps	$540,818

- Loans are deemed to be commercial in nature when generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources. The OFA evaluates the project risk of these loans in order to establish a proxy commercial rate of interest. Two risk measures are used to evaluate the risk:

  1. The percentage of total project revenue attributable to government sources; and
  2. The average Debt Service Coverage Ratio (DSCR) of the project, where DSCR is defined as the number of times the average annual free cash flow generated over the term of the loan would cover the principal and interest payments of the associated debt.

- For a given "commercial" loan, each of these two risk measures are evaluated and assigned an overall project risk ranking as follows:

PERCENTAGE OF REVENUE FROM GOVERNMENT SOURCES

AVERAGE DSCR	LESS THAN 30%	GREATER THAN 30%
LESS THAN 1.35X	"C" Rating	"B" Rating
GREATER THAN 1.35X	"B" Rating	"A" Rating

Where: "C" Risk Rating = Province's cost of funds + cost recovery fee + 70 bps.
"B" Risk Rating = Province's cost of funds + cost recovery fee + 50 bps.
"A" Risk Rating = Province's cost of funds + cost recovery fee + 25 bps.

BORROWING AND ON-LENDING REQUIREMENTS

Net Loan Requirements ($millions)

	2017-18 (Actual)			2018-19 (Plan)		
Borrowers	**Loans**	**Repayments**	**Net Loans**	**Loans**	**Repayments**	**Net Loans**
School Boards	0.0	218.6	(218.6)	-	229.1	(229.1)
Colleges (2)	61.4	55.8	5.6	160.0	35.0	125.0
City of Windsor	-	0.0	-	-	2.0	(2.0)
Hospitals				-	0.0	-
Independent Electricity System Operator	2,304.0	2,371.4	(67.4)	-	-	-
Niagara Parks Commission	-	0.3	(0.3)	-	0.0	-
Ontario Cannibis Reguratory Corporation	25.0			125.0	0.0	125.0
Ontario Infrastructure and Lands Corporation				100.0	80.0	20.0
Ontario Lottery and Gaming Corporation	36.5	37.2	(0.7)	100.0	2.8	97.2
Ontario Northland Transportation Commission	-	0.4	(0.4)	-	0.4	(0.4)
Royal Ontario Museum	-	0.0	-	-	0.0	-
University of Ontario Institute of Technology	-	5.5	(5.5)	-	0.0	-
Universities (2)		0.0	-	200.0	0.0	200.0
Contingency	0.0	0.0	-	40.0	0.0	40.0
TOTAL, Net Loan Requirement	**2,426.9**	**2,689.2**	**-287.3**	**725.0**	**349.3**	**375.7**
Ontario Infrastructure and Lands Corporation				(100.0)		
Colleges				(20.0)		
Universities				(80.0)		
Contingency				(40.0)		
TOTAL, Adjusted				**485.0**		

(1) The Ministry of Education advised that School Boards have transitioned to a capital grant funding model, there has been no loan requirement from the OFA since fiscal 2017-18.
(2) A $300 million energy retrofit loan program initiated by MAESD in 2017-18 has been deferred to 2018-19 and 2019-20, of which $100 million will be available to colleges and $200 million, to universities.
(3) The Contingency includes $35 million for hospital loans and $5 million for college loans.
(4) Amounts may not add up due to rounding.

Prepared by: Michael Smith (2-1063)/Bonnie Zhang (5-1369)
Corporate Finance Branch, CEFD
Input by: Siva Nathan (5-8039)
Finance & Treasury

June 4, 2018

4. TRANSACTIONS WITH PUBLIC BODIES

The OFA provides financing to various public bodies on direction from the Province. As the OFA is directed by the Province to make these loans in furtherance of stated Provincial initiatives, and these loans are included in the Province's consolidated financial statements, these transactions are not reflected in these financial statements.

Funds for these loans are advanced to the OFA by the Province under credit facilities aggregating $18.9 billion expiring from 2036 to 2044. Principal repayments received from public bodies by the OFA are forwarded to the Province. The interest rates charged to public bodies is generally slightly higher than the rate charged by the Province on the advances to fund the loans ("the spread").

The OFA will generally retain a portion of the spread in order to recover the administrative costs of managing these loans. The spread retained by the OFA includes a cost recovery component and, where applicable, a proxy commercial interest rate spread. The inclusion of the proxy commercial spread results in an interest rate equivalent to what would be charged on the loan by a commercial lender and reflects the relative risk associated with the loan. During the year ended March 31, 2018, $4.1 million in interest rate spread revenue was recognized (2017 – $3.7 million) of which $1.5 million is receivable at year end (2017 –$2.1 million).

Loans to Public Bodies by the Province:

As at March 31, 2018, the principal amounts receivable by the OFA on behalf of the Province represent long term and short term loans. Interest accrued on the outstanding loans listed below amounted to $91.2 million (2017 – $93.9 million), of which $90.1 million (2017 – $92.7 million) will be flowed to the Province.

These are related party transactions, with the exception of those with the Corporation of the City of Windsor and the University of Ontario Institute of Technology.

(in thousands of dollars)

	March 31, 2018	***March 31, 2017***
Colleges of Applied Art and Technologies	$328,940	*$320,653*
Corporation of the City of Windsor	8,171	*8,171*
Independent Electricity System Operator	13,766	*81,209*
Niagara Parks Commission	4,214	*4,553*
Ontario Cannabis Retail Corporation	25,000	-

Ontario Lottery and Gaming Corporation	32,653	*33,769*
Ottawa Convention Centre Corporation	48,016	*48,016*
Ontario Northland Transportation Commission	2,158	*2,564*
Royal Ontario Museum	23,734	*26,000*
School Boards	5,254,496	*5,473,075*
University of Ontario Institute of Technology	-	*5,501*
Total	**$5,741,148**	***$6,003,511***

Colleges of Applied Art and Technologies have been loaned $328.9 million (2017 – $320.7 million) for various campus projects including new and expanded student residences, computer equipment, parking facilities, and an energy saving capital project. These loans bear interest ranging from 1.32 per cent to 5.75 per cent and mature from 2018 to 2042.

The Corporation of the City of Windsor is a municipality within the meaning of the *Municipal Act*. The financing provided is for the acquisition, design and construction of the Windsor Justice Facility consisting of a provincial division courthouse and city police headquarters. This is a 20 year loan bearing interest at 6.41 per cent and maturing in March 2021. The outstanding balance is $8.2 million (2017 – $8.2 million).

The Independent Electricity System Operator (IESO), a corporation established pursuant to Part II of the *Electricity Act*, 1998, had been provided a maximum $975 million credit facility to primarily fund the Regulated Price Plan variance account. Under the amended agreement between OFA and IESO on November 6, 2017, this credit facility has been reduced to a maximum of $475 million. This credit facility has been extended until November 30, 2019. As at March 31, 2018, the IESO has drawn $13.5 million from this facility for Rural or Remote Electricity Rate Protection (RRRP) variance account bearing interest rate at 1.52 per cent. In addition, under a new agreement entered into between the OFA and the IESO on November 6, 2017, the IESO has been provided a maximum $2 billion credit facility for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Act*, 2017. This credit facility expires on September 23, 2022. As at March 31, 2018, the IESO has drawn $0.3 million from this facility bearing interest rate at 1.52 per cent.

The Niagara Parks Commission, a Crown agency of the Province, operating under *Niagara Parks Act*, 1990, has been provided a loan of $4.2 million (2017 – $4.6 million) to finance additional capital costs incurred for the redevelopment of phase I of Table Rock House in Queen Victoria Park, Niagara Falls. The loan bears interest at 5.07 per cent and matures in April 2027.

The Ontario Cannabis Retail Corporation (OCRC) is a Crown agency of the Porvince, operating under *Ontario Cannabis Retail Corporation Act, 2017*, has been provided a loan facility of $150 million for the purpose of funding the set-up and operating costs. As of March 31, 2018 OCRC has drawn $25 million from this facility bearing interest rate of 1.79%.

The Ontario Lottery and Gaming Corporation (OLG) is a Crown agency of the Province under the *Ontario Lottery and Gaming Corporation Act*, 1999, and has been provided loans totaling $32.6 million (2017 – $33.8 million) to fund several projects, bearing interest at 2.65 per cent and maturing from April 2018 to September 2022.

The Ontario Northland Transportation Commission (ONTC) is a Crown agency of the Province under the *Ontario Northland Transportation Commission Act, 1990*. ONTC's total borrowing of $2.2 million (2017 – $2.6 million) matures from 2020 to 2031 and bears interest ranging from 4.90 to 5.22 per cent.

Ottawa Convention Centre Corporation (OCC), a Crown agency of the Province governed under the *Ottawa Convention Centre Corporation Act, 1988*, was provided a 25 year loan of $40.0 million in 2011 [CONFIRM], bearing annual interest at 4.67 per cent with a maturity in September 2036. Pursuant to a directive signed by the Minister of Finance on November 2, 2012, the Province provided OCC with a repayment deferral of principal and interest up to five years, with interest to continue to accrue over the five year deferral period.. In fiscal 2016-17, the Province had recorded an allowance for doubtful accounts of $47.1 million for the principal and capitalized interest. Subsequently, in fiscal 2017-18, the OFA provided an allowance for doubtful accounts of $0.9 million for its share of the capitalized interest. Two settlement agreements became effective as at March 31, 2018, in respect to OCC's outstanding principal and accrued interest of $48.0 million. One agreement signed by the Minister of Finance, releases the OFA from all of its obligations (principal and interest) relating to advances made to the OFA, in consideration of the other release agreement between the OFA, OCC and the Ministry Tourism, Culture and Sport. The latter agreement releases OCC for the full amount of any outstanding principal and interest in consideration of the OCC agreeing to make payments on or before March 31 in each fiscal year to the OFA in the amount of at least $1 million annually in perpetuity, with the first payment to be made by March 31, 2019. The agreement also provides for a potential annual sweep of OCC cash surplus to operational requirements. If the OCC is not in a position to make full or partial payment, the Ministry of Tourism, Culture and Sport will make the payment to the OFA on behalf of the OCC.

The Royal Ontario Museum (ROM) is a Crown agency of the Province under a Special Act of the Ontario Legislature and has borrowed $23.7 million (2017 – $26.0 million) bearing floating interest rate currently at 3.24 per cent. All outstanding loans are scheduled to be repaid by March 2027.

School boards have been provided loans under various programs beginning in 2006. During the year ended March 31, 2018, school boards have made semi-annual blended payments of principal and interest, leaving the total outstanding amount at $5,254.5 million

(2017 – $5,473.0 million). These loans bear interest ranging from 2.43 to 5.38 per cent and mature from 2019 to 2042. The School Board loan program has been gradually replaced by a Ministry of Education capital grant facility model. Since April 1, 2017, this new funding model fully replaced the need for capital loans from the OFA. School Boards will however, continue to make interest and principal payments until all outstanding balances are paid off.

The University of Ontario Institute of Technology (UOIT) is a corporation established under the *University of Ontario Institute of Technology Act, 2002.* The Province provided a five year term loan which matured in October 2017 and was repaid in full.

From: Hanslep, Malle (MOF)
To: Lisa Stein
Subject: RE: DIRECTIVE Aug 16.docx
Date: Friday, August 18, 2017 9:34:14 AM

Hi Lisa,

I don't have any comments on the most recent version of the briefing note. Because there is some funding going to the IESO, I thought that the recital about this point in the directive should be modified a bit – maybe it should say no operational funding since it seems there are some transfer payments going there in relation to some electricity programs?

Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 10:07 AM
To: Kim, John (OFA); Hanslep, Malle (MOF)
Cc: Russell, Kenneth (OFA)
Subject: DIRECTIVE Aug 16.docx

Please see attached revised draft directive for review, focusing only on current FHP credit facility.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	John Kim
To:	Lisa Stein; Malle Hanslep (MOF)
Cc:	Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: DIRECTIVE Aug 16.docx
Date:	Thursday, August 17, 2017 12:46:16 PM
Attachments:	01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean.docx

See attached note. Still not yet finalized but for your information and also to seek comments.

We will get back to you on the directive.

Thanks,

John

From: Lisa Stein
Sent: Thursday, August 17, 2017 10:39 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: DIRECTIVE Aug 16.docx

Thank you Malle. I agree that it would be helpful to verify the source.
John – Can you please advise?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, August 17, 2017 10:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: DIRECTIVE Aug 16.docx

Thanks Lisa.

I think that in the new 4th paragraph, it should be “for”, not “from”.

Maybe it should say something like: Currently there is no money appropriated by the Legislature OR the Ministry of Energy has advised that there is no money appropriated and not expected to be… I am just trying to get at the source of certainty of that information which may be better explained in the accompanying briefing note.

Thanks.

Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 10:07 AM
To: Kim, John (OFA); Hanslep, Malle (MOF)
Cc: Russell, Kenneth (OFA)
Subject: DIRECTIVE Aug 16.docx

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OFA -- IESO CREDIT FACILITIESMINISTER OF FINANCE DIRECTIVE TO EXEMPT THE INTERCEPT PROVISION ("INTERCEPT EXEMPTION DIRECTIVE") REQUIRED UNDER THE OFA'S LENDING POLICY

The Independent Electricity System Operator (IESO) requested a revolving credit facility ("the credit facility") in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

On June 29, 2017, the OFA received a Lending Directive from the Minister of Finance to accommodate the IESO's request.

Per the requirements of the OFA's Lending Policy, the OFA is returning to request a Minister's direction to exempt from the Intercept Provision both the new $2 billion credit facility to support the IESO's role in the Fair Hydro Plan and the reduced $475 million credit facility.

- Note: The Intercept Provision under the OFA's Lending Policy for unsecured lending to a public body requires that, unless exempted by the Minister of Finance [or Treasury Board or Cabinet], the OFA put in place a provision whereby the OFA is entitled to deduct amounts equal to any amounts the public body fails to pay to the OFA under the loan, from money appropriated by the Legislature for payment to the public body.

RECOMMENDATION

- OFA staff recommend the Minister sign the Intercept Exemption Directive allowing the OFA to provide these credit facilities to the IESO without an Intercept provision under the OFA Lending Policy.

CONSIDERATIONS

- This will enable the IESO fulfil commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the Fair Hydro Plan.

- Under the OFA Lending Policy, the following is provided for:

  "Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan."

- The intercept in the OFA Lending Policy includes the following:
  - The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA

- An Intercept Provision would have no practical usefulness in the case of the IESO as it receives no operational funding from the Province. While the IESO settlements system for the

electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers. Intercepting these program specific payments, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment of the intent of the OFA's Lending Policy.

MINISTER'S DIRECTIVE

- The Minister of Finance's Intercept Exemption Directive would authorize the OFA to exempt the two revolving credit facilities to the IESO [per the Minister's Directive signed on June 29, 2017] from the Intercept provision under the OFA Lending Policy.

- [The Intercept Exemption Directive would also exempt any lending to the IESO from the OFA, previously authorized and/or subsequently amended, to be exempt from the Intercept Provision.]

Commented [SK81]: This is to ensure both the 2B and 475M credit facilities are covered.

FISCAL IMPACT

- There is no expected incremental fiscal impact for the Province from providing an exemption from the intercept provision.
  - [The IESO is an entity consolidated to the Province and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision.]

Commented [RK2]: What about saying that as IESO is a consolidated entity, and if there were any amounts to intercept, there would be no incremental fiscal impact of not having an intercept provision?

BACKGROUND

The IESO

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

-

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
August 17, 2017

From: John Kim
To: Lisa Stein; Malle Hanslep (MOF)
Cc: Kenneth Russell
Subject: RE: DIRECTIVE Aug 16.docx
Date: Thursday, August 17, 2017 10:42:52 AM

Hi Lisa,

We will aim to provide our edits today. Hopefully soon.

John

From: Lisa Stein
Sent: Thursday, August 17, 2017 10:39 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: DIRECTIVE Aug 16.docx

Thank you Malle. I agree that it would be helpful to verify the source.
John – Can you please advise?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, August 17, 2017 10:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: DIRECTIVE Aug 16.docx

Thanks Lisa.

I think that in the new 4th paragraph, it should be “for”, not “from”.

Maybe it should say something like: Currently there is no money appropriated by the Legislature OR the Ministry of Energy has advised that there is no money appropriated and not expected to be… I am just trying to get at the source of certainty of that information which may be better explained in the accompanying briefing note.

Thanks.

Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 10:07 AM
To: Kim, John (OFA); Hanslep, Malle (MOF)

Cc: Russell, Kenneth (OFA)
Subject: DIRECTIVE Aug 16.docx

Please see attached revised draft directive for review, focusing only on current FHP credit facility.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Lisa Stein
To:	Malle Hanslep (MOF); John Kim
Cc:	Kenneth Russell
Subject:	RE: DIRECTIVE Aug 16.docx
Date:	Thursday, August 17, 2017 10:38:45 AM

Thank you Malle. I agree that it would be helpful to verify the source.
John – Can you please advise?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, August 17, 2017 10:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: DIRECTIVE Aug 16.docx

Thanks Lisa.

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Malle

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Sent: August 17, 2017 10:07 AM
To: Kim, John (OFA); Hanslep, Malle (MOF)
Cc: Russell, Kenneth (OFA)
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From:	Hanslep, Malle (MOF)
To:	Lisa Stein; John Kim
Cc:	Kenneth Russell
Subject:	RE: DIRECTIVE Aug 16.docx
Date:	Thursday, August 17, 2017 10:36:33 AM

Thanks Lisa.

I think that in the new 4th paragraph, it should be “for”, not “from”.

Maybe it should say something like: Currently there is no money appropriated by the Legislature OR the Ministry of Energy has advised that there is no money appropriated and not expected to be… I am just trying to get at the source of certainty of that information which may be better explained in the accompanying briefing note.

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Malle

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Sent: August 17, 2017 10:07 AM
To: Kim, John (OFA); Hanslep, Malle (MOF)
Cc: Russell, Kenneth (OFA)
Subject: DIRECTIVE Aug 16.docx

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****

From: Lisa Stein
To: Malle Hanslep (MOF)
Subject: RE: DIRECTIVE Aug 16.docx
Date: Friday, August 18, 2017 9:53:13 AM

Hi Malle,

I will make the change you suggested in the directive and flag it for the program area.

Thank you,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, August 18, 2017 9:34 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: DIRECTIVE Aug 16.docx

Hi Lisa,

I don't have any comments on the most recent version of the briefing note. Because there is some funding going to the IESO, I thought that the recital about this point in the directive should be modified a bit – maybe it should say no operational funding since it seems there are some transfer payments going there in relation to some electricity programs?

Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 10:07 AM
To: Kim, John (OFA); Hanslep, Malle (MOF)
Cc: Russell, Kenneth (OFA)
Subject: DIRECTIVE Aug 16.docx

Please see attached revised draft directive for review, focusing only on current FHP credit facility.

Lisa

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Legal Counsel
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****

From: Salman Qadir
To: Sarah Harris; Lisa Stein
Cc: Bruno Amara; John Kim; William Tan
Subject: RE: Directive IESO FHP 2017.docx
Date: Wednesday, June 14, 2017 3:28:20 PM
Attachments: Directive IESO FHP 2017 v3.docx

Hi all,

Thanks for the meeting today. Attached is a clean version of the directive. I don't we decided on whether we wanted the OIC mentioned in the directive, so I removed it for now since Ken was also of the view it was really not needed for this. Happy to add it back in if needed as I'm sure we may have at least another draft once we share this a little broader to senior management.

I also changed the font and made it two pages so that the signature page fits better.

Regards,
Salman

From: Sarah Harris
Sent: Wednesday, June 14, 2017 12:10 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

That's a good idea. I'm available any time this afternoon before 4 p.m.

Sarah

From: Salman Qadir
Sent: Wednesday, June 14, 2017 12:07 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi all,

Can we chat about this today, if needed? I'd like to get this completed as soon as possible.

Thanks,
Salman

From: Salman Qadir
Sent: Tuesday, June 13, 2017 4:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi Lisa/all,

Thanks for this. I've provided some feedback and comments to some of the language in the directive. Hopefully you're okay with the changes. Might be worth discussing together if there are any remaining decision points on the language.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 3:56 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Directive IESO FHP 2017.docx

Hi all, I have re-drafted the directive re: IESO OFA credit facility (attached, with comments). Please review and let me know if you would like to discuss further. I note that the draft directive requires that the credit agreement between the IESO and the OFA must contain terms and conditions consistent with the directive. It also refers to the draft OIC.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Sarah Harris
To:	Salman Qadir; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 12:10:02 PM

That's a good idea. I'm available any time this afternoon before 4 p.m.

Sarah

From: Salman Qadir
Sent: Wednesday, June 14, 2017 12:07 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi all,

Can we chat about this today, if needed? I'd like to get this completed as soon as possible.

Thanks,
Salman

From: Salman Qadir
Sent: Tuesday, June 13, 2017 4:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi Lisa/all,

Thanks for this. I've provided some feedback and comments to some of the language in the directive. Hopefully you're okay with the changes. Might be worth discussing together if there are any remaining decision points on the language.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 3:56 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Directive IESO FHP 2017.docx

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Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Salman Qadir
To:	Lisa Stein
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 12:09:09 PM

Sure. I'll send out the details.

Salman

From: Lisa Stein
Sent: Wednesday, June 14, 2017 12:07 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi Salman – Can you please arrange a meeting/call for 2:30 or 3 pm?

From: Salman Qadir
Sent: Wednesday, June 14, 2017 12:07 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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From: Lisa Stein
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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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From:	Lisa Stein
To:	Salman Qadir
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 12:07:16 PM

Hi Salman – Can you please arrange a meeting/call for 2:30 or 3 pm?

From: Salman Qadir
Sent: Wednesday, June 14, 2017 12:07 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 12:06:43 PM

Hi all,

Can we chat about this today, if needed? I'd like to get this completed as soon as possible.

Thanks,
Salman

From: Salman Qadir
Sent: Tuesday, June 13, 2017 4:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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From:	Salman Qadir
To:	Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Sarah Harris
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Tuesday, June 13, 2017 4:25:16 PM
Attachments:	Directive IESO FHP 2017 v2.docx

Hi Lisa/all,

Thanks for this. I've provided some feedback and comments to some of the language in the directive. Hopefully you're okay with the changes. Might be worth discussing together if there are any remaining decision points on the language.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 3:56 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Directive IESO FHP 2017.docx

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

Pursuant to OIC ####, the Minister of Finance is authorized to lend a maximum of $2 billion to the OFA for the credit facility

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of short to medium term financing related to the OFHP.

~~The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###.~~

Therefore:

i) **Line of Credit**

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate established as of [insert], equal to the Province's cost of funds as based on the term as set out the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread ~~to cover the OFA's lending costs~~ ("~~Cost Recovery Fee~~Spread").

- ~~Advances under t~~The Line of Credit will only be made at the request and on the recommendation of the Minister of Energy.

Commented [LS1]: Program area to confirm; differs from LRC form

Commented [SQ22R1]: Mentioned in s1 of LRC form:

oThis will help the IESO to fulfil the commitments under the *Fair Hydro Act, 2017* as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

Commented [SQ23]: Should this be mentioned in the second Whereas recital?

Commented [LS4]: Program area

Commented [SQ25R4]: This is a revolving credit facility, rates would be established as the OFA deems necessary, as set out in the Credit Agreement.

Commented [SQ26]: This is simply a spread – I would not classify this as a cost recovery fee.

Commented [LS7]: Business decision; program area to confirm.

Commented [SQ28R7]: Not Advances. Only the Agreement itself.

Commented [LS9]: Further discussion required. This may require the Minister of Energy to be a party to the loan agreement.

Commented [SQ210R9]: This is incorrect. The Credit Agreement will be made at the request of and recommendation of Minister of Energy, if at all – not the advances. Minister of Energy won't be a party to the proposed agreement.

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than ~~five years after the execution of the Credit Agreement~~September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

ii) Retention of spread

Pursuant to Order in Council ####, made under sub-section 22(1) of CIPA, the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for the Line of Credit made under the authority of this Directive, the amount of the spread retained by the OFA shall be for the amount of the ~~Cost Recovery Fee~~Spread as set out above.

Dated , 2017

Charles Sousa

Minister of Finance

Commented [LS11]: Is this reasonable given the principal amount of the line? Previous draft provided had 40 year term (as per draft OIC). IESO has requested 5 year term in letter dated 05/12/17,

Commented [SQ212R11]: We made the decision to do the OIC for the entire OFHP period in order to avoid going back to LRC for a new OIC as we expect the requirement for a credit facility will be there.
The Directive is more aligned with the ask from IESO, and is meant to be a little tighter on the terms.

As per IESO request and previous drafts, this should say September 30, 2022.

Commented [LS13]: Confirm authorization is contained in new OIC

Commented [LS14]: As previously discussed, this is a business decision. My understanding is that this is generally retained only where there is commercial risk. Should this be remitted back to the Province?

Commented [SQ215R14]: We will be retaining this to remain consistent with past credit facility – unless otherwise advised.

DRAFT

From:	Salman Qadir
To:	Sarah Harris; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan
Subject:	RE: Directive IESO FHP 2017.docx
Date:	Wednesday, June 14, 2017 4:11:55 PM
Attachments:	Directive IESO FHP 2017 v3.docx

Hi all,

Apologies for another email. Please see attached clean copy, forgot one minor change.

Salman

From: Salman Qadir
Sent: Wednesday, June 14, 2017 3:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

Hi all,

Thanks for the meeting today. Attached is a clean version of the directive. I don't we decided on whether we wanted the OIC mentioned in the directive, so I removed it for now since Ken was also of the view it was really not needed for this. Happy to add it back in if needed as I'm sure we may have at least another draft once we share this a little broader to senior management.

I also changed the font and made it two pages so that the signature page fits better.

Regards,
Salman

From: Sarah Harris
Sent: Wednesday, June 14, 2017 12:10 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Directive IESO FHP 2017.docx

That's a good idea. I'm available any time this afternoon before 4 p.m.

Sarah

From: Salman Qadir
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Therefore:

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../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Lisa Stein
To:	Caroline Swerdlyk
Subject:	RE: Draft Amending Agreement No. 10
Date:	Thursday, September 07, 2017 4:01:38 PM

Sorry – I meant to mention that….

From: Caroline Swerdlyk
Sent: Thursday, September 07, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will,

You don't need to continue cc'ing me on these emails now that Lisa is back and working on this file again.

Thanks,
Caroline

From: William Tan
Sent: Thursday, September 07, 2017 3:40 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: Draft Amending Agreement No. 10

Hello Victor,

As discussed, the extension date of the existing $475 million Revolving Credit Facility to align with the FHP Revolving Credit Facility will be deferred to a future amended and restated agreement. We have included minor edits. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will – we have reviewed OFA's draft of Amendment #10 and only have a very few comments, which I have inserted in the attached for your review/consideration, mostly just addressing drafting inconsistencies and the like.

The one substantive proposal we would make is that the termination date for this $475MM revolving loan be extended beyond the current end-date of December 31, 2019 (as stipulated in Amending Agreement #9) to be aligned with the end-date of the FHP Credit Agreement which is September 30 2022. If agreed, it would require minor amendments to sections 2.4 and 5.1(b) of the Agreement. FYI, such a change would be within the scope of the authorization provided by IESO's board resolution.

Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 31, 2017 4:33 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: Draft Amending Agreement No. 10

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline

Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
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You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

Ontario

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein; Anthony Martinello
Subject:	RE: Draft Amending Agreement No. 10
Date:	Wednesday, September 06, 2017 4:16:25 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Draft Aug 18 (Aug 31 markup) IESO Markup Sep6.docx

Hi Will – we have reviewed OFA's draft of Amendment #10 and only have a very few comments, which I have inserted in the attached for your review/consideration, mostly just addressing drafting inconsistencies and the like.

The one substantive proposal we would make is that the termination date for this $475MM revolving loan be extended beyond the current end-date of December 31, 2019 (as stipulated in Amending Agreement #9) to be aligned with the end-date of the FHP Credit Agreement which is September 30 2022. If agreed, it would require minor amendments to sections 2.4 and 5.1(b) of the Agreement. FYI, such a change would be within the scope of the authorization provided by IESO's board resolution.

Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

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LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

Commented [VB1]: NOTE – Amending Agreement#9 added a definition of "IESO" to the Agreement – this change is just to be consistent with that definition.

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

Commented [VB2]: NOTE – consider changing ultimate repayment date to later than December 31, 2019 to align with FHP dates.

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid ~~or re-paid~~ by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new grid promissory note

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Commented [A3]: As of August 21, 2017. IESO to confirm.

delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

MT DOCS 14791871

Commented [VB4]: The term "Note" is not defined in the Agreement as far as I can tell, having checked all amendments. It occurs 6 times on this page. In the 2nd para, the term "grid promissory note" is also used and means the same thing. These should be consistent. "Note" should be defined, or we could use "Grid Note" throughout, but again it's preferable for it to be defined in some manner.

Commented [VB5]: The original 2005 agreement is not defined as or entitled "Credit Agreement", so this occurrence should be lower case.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Anthony Martinello; "Victor Buza"
Cc:	Sarah Harris; Sarah Neville; Lisa Stein; Caroline Swerdlyk
Subject:	RE: Draft Amending Agreement No. 10
Date:	Tuesday, September 05, 2017 11:01:53 AM

Good morning Anthony and Victor,
Following-up on when we can expect comments on the Amending Agreement No. 10 and FHP Credit Facility.
Thanks,
Will

From: William Tan
Sent: Thursday, August 31, 2017 4:33 PM
To: 'Anthony Martinello' ; Victor Buza
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: Draft Amending Agreement No. 10
Hello Anthony and Victor,
The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.
Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).
Please review and comment.
Thanks,
Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes
Hello gentleman,
I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.
As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.
Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM

To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.
Victor and I are reviewing today's draft.
Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.
Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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

From: Caroline Swerdlyk
To: William Tan
Cc: Sarah Neville; Sarah Harris; Lisa Stein
Subject: RE: Draft Amending Agreement No. 10
Date: Thursday, August 31, 2017 3:21:07 PM
Attachments: OFA IESO Amending Agreement No 10 COMPARE OFA Draft Aug 18 (Aug 31 markup).docx

---

Hi William,
I have updated the draft Amending Agreement No. 10 including Form of Election Notice to allow for roll-over of interest per your instructions below, by copying the content of the relevant sections of the draft FHP Agreement.
I also:
- changed the date to September
- added s. 3.3(4) from the FHP Agreement, which addresses calculation of interest on a Continued Advance:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

If you have any comments or would like to discuss, please let me know.
As noted below, if you are forwarding this to the IESO, please let them know the reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).
(I am not sure what naming convention has been used for these files - I just added "Aug 31 markup" to the previous filename.)
Thanks,
Caroline

From: William Tan
Sent: Thursday, August 31, 2017 2:26 PM
To: Caroline Swerdlyk
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: FW: Draft Amending Agreement No. 10
Hello Caroline,
I have spoken to Anthony and he has requested to update the existing credit facility agreement ($975 million down to $475 million) to have the same option to roll-over principle and interest. Risa Thau had no concerns from an accounting and operational standpoint. Mike Manning and James Devine also had no concerns from a Capital Markets perspective. Please include the language in the Amending Agreement No. 10 to reflect this.
I have updated the Grid note be appear the same as the FHP Grid Note. I have reviewed you're changes to the Amending Agreement No. 10 and have no other comments.
Thanks,
Will

From: Caroline Swerdlyk
Sent: Thursday, August 31, 2017 11:58 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Draft Amending Agreement No. 10

Hello,
Please find attached draft changes to Amending Agreement No. 10. I worked from the document that Will emailed to the IESO on August 18 at 3:18pm which Lisa shared with me. Please let me know if you have any comments/questions/changes or would like to discuss.
This draft updates all of the Schedules to the Agreement. We also thought it would be prudent to align the language in the related sections of the Agreement. If you are forwarding this to the IESO, please let them know that this is the reason for the scope of the changes that have been included.
I also wanted to flag that Mike Manning's new title should be used on any documents that he signs (Executive Director & Chief Investment Officer).
Thanks,
Caroline

Caroline Swerdlyk
Legal Counsel
ext. 5-8141

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~July~~September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**~~"~~"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~upon the request of~~ the IESO~~, and~~ the Parties~~the OFA~~ have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; ~~and~~ (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by ~~each of the OFA and the IESO~~the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the P~~p~~arties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

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"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

~~1.~~2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

~~2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42[**Insert amount outstanding as of date of execution**].~~

Commented [A1]: Moved to the end to allow schedule references to remain consistent with Credit Agreement

~~3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.~~

3. The following definitions are added to Section 1.1 of the Agreement

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:~~:~~

"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest

for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto as Schedule 3 and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A2]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the P~~p~~arties.

[*signature page follows*]

IN WITNESS WHEREOF the Pparties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, ~~_____~~Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

~~EXECUTED FORM OF GRID NOTE~~ FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Commented [A3]: Changed "aggregate" to "principal". This is the only substantive change to this form.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

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Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Total Principal Advanced	

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	**Principal Advanced or Rollover Amount**	**Interest Rate**	**Repayment Date**	**Total No. Of Days**	**Interest Amount**	**Actual Repayment**	**Principal**	**Interest**	**Actual Repayment Date**	**Actual No. Of Days**

~~**[NTD – TO BE UPDATED AT EXECUTION]**~~

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	William Tan
To:	Caroline Swerdlyk
Cc:	Lisa Stein
Subject:	RE: Draft Amending Agreement No. 10
Date:	Thursday, September 07, 2017 3:43:29 PM

Understood. Will do Caroline. Thanks for all your hard work last week. Fantastic results too.

From: Caroline Swerdlyk
Sent: Thursday, September 07, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will,

You don't need to continue cc'ing me on these emails now that Lisa is back and working on this file again.

Thanks,
Caroline

From: William Tan
Sent: Thursday, September 07, 2017 3:40 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: Draft Amending Agreement No. 10

Hello Victor,

As discussed, the extension date of the existing $475 million Revolving Credit Facility to align with the FHP Revolving Credit Facility will be deferred to a future amended and restated agreement. We have included minor edits. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Subject: RE: Draft Amending Agreement No. 10

Hi Will – we have reviewed OFA's draft of Amendment #10 and only have a very few comments, which I have inserted in the attached for your review/consideration, mostly just addressing drafting inconsistencies and the like.

The one substantive proposal we would make is that the termination date for this $475MM revolving loan be extended beyond the current end-date of December 31, 2019 (as stipulated in Amending Agreement #9) to be aligned with the end-date of the FHP Credit Agreement which is September 30 2022. If agreed, it would require minor amendments to sections 2.4 and 5.1(b) of the Agreement. FYI, such a change would be within the scope of the authorization provided by IESO's board resolution.

Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 31, 2017 4:33 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: Draft Amending Agreement No. 10

Hello Anthony and Victor,

The Election for to roll-over a portion or all of the interest triggered a number of changes which includes updates to definitions, Section 3.2, 3.3, Schedules 1, 2 and 3.

Section 3.3(4) was added from the FHP Agreement, which addresses calculation of interest on a Continued Advance

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

Reason for the scope of changes that have been added (this draft updates all of the Schedules to the Agreement and also aligns the language in the related sections of the Agreement).

Please review and comment.

Thanks,

Will

From: William Tan
Sent: Thursday, August 31, 2017 2:43 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hello gentleman,

I have been informed by a colleague that we are instructed by the deputy minister for us to pursue our minister to sign the directive for early next week.

As per Anthony's request, we making changes to the Amending Agreement No. 10 to allow IESO:

- Elect to continue all or a portion of the principal and interest .
- The advancement period of 28 days up to 95 days will remain the same.
- Section 3.3 (2) new advances will change from 1 business day to two business days prior notice because advancements under the Borrowing Notice allow for two business days' notice.

Sorry for the inconvenience.

Will

From: William Tan
Sent: Thursday, August 31, 2017 10:19 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Grid Notes

Hi Anthony,

Do you mind giving me a call when you have a moment?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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---

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 31, 2017 7:41 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM

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Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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From:	Caroline Swerdlyk
To:	William Tan
Cc:	Lisa Stein
Subject:	RE: Draft Amending Agreement No. 10
Date:	Thursday, September 07, 2017 3:42:16 PM

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Thanks,
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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From:	William Tan
To:	Lisa Stein
Cc:	Shajee Kathirgamanathan; Caroline Swerdlyk; Sarah Harris; Sarah Neville
Subject:	RE: Draft Amending Agreement No. 10
Date:	Thursday, September 07, 2017 1:41:24 PM

Hi Lisa,

I just got off the phone with Victor and he is fine with no extension to the agreement for now and agreed with the restated agreement at a later date.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, September 07, 2017 1:36 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

We agree that any further amendments to the existing credit facility agreement will require a restated agreement.

Lisa

From: William Tan
Sent: Thursday, September 07, 2017 1:34 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Hello Lisa,

I have spoken with Mike Manning and presented the option of extending the existing credit facility agreement to align with the same maturity as the FHP credit facility. Conceptually Mike agrees with aligning the maturities of the two credit facilities, however, he feels that we are “out-of-time” and to defer the extension for the next agreement update.

Shajee and I have already spoken. We should then, amend and restate the agreement at a later date.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, September 07, 2017 9:23 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will,

Just to clarify, I didn't say the extension wasn't realistic. In my e-mail below I indicated that a directive will be necessary if you decide, as a business decision, to extend the expiration date of the revolving credit facility agreement. Happy to discuss further.

Lisa

From: William Tan
Sent: Wednesday, September 06, 2017 5:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Thanks for the input. I agree, the extension doesn't seem realistic this time around. Chat with you in the morning.

From: Lisa Stein
Sent: Wednesday, September 06, 2017 5:28 PM
To: William Tan <William.Tan@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

Hi Will and Shajee,

While it is a business/policy decision whether to extend the expiry date of the revolving credit facility agreement as per the IESO's request, please note that the current expiry date is set pursuant to the Ministerial directive dated November 28 ,2016. Therefore it will be necessary to obtain a new ministerial directive to amend the expiry date. It is possible to add this to the new directive which has not yet been signed by the Minister; you will also need to amend the accompanying briefing note.

Please advise how you would like to proceed regarding the directive. I'll provide additional

comments on the IESO's edits to the latest amending agreement tomorrow (they are relatively minor).

Shajee/John: It will be necessary to amend the briefing note in any event as I believe the signature line needs to be amended to reference the Minister (and not his delegate).

Thank you,

Lisa

From: William Tan
Sent: Wednesday, September 06, 2017 5:04 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Draft Amending Agreement No. 10

Hello Shajee,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
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From:	Lisa Stein
To:	William Tan
Cc:	Shajee Kathirgamanathan; Caroline Swerdlyk; Sarah Harris; Sarah Neville
Subject:	RE: Draft Amending Agreement No. 10
Date:	Thursday, September 07, 2017 1:35:44 PM

We agree that any further amendments to the existing credit facility agreement will require a restated agreement.

Lisa

From: William Tan
Sent: Thursday, September 07, 2017 1:34 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, September 06, 2017 4:16 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Subject: RE: Draft Amending Agreement No. 10

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Let us know your thoughts on this.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From:	William Tan
To:	Lisa Stein
Subject:	RE: Draft Amending Agreement No. 10
Date:	Wednesday, September 06, 2017 5:39:29 PM

Thanks for the input. I agree, the extension doesn't seem realistic this time around. Chat with you in the morning.

From: Lisa Stein
Sent: Wednesday, September 06, 2017 5:28 PM
To: William Tan <William.Tan@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Draft Amending Agreement No. 10

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Shajee/John: It will be necessary to amend the briefing note in any event as I believe the signature line needs to be amended to reference the Minister (and not his delegate).

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From: William Tan
Sent: Wednesday, September 06, 2017 5:04 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Draft Amending Agreement No. 10

Hello Shajee,

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Best regards,

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Subject: RE: IESO Grid Notes

Yes.

And, please send over draft Amendment #10 for our review.

Regards.

From: Lisa Stein
To: William Tan; Shajee Kathirgamanathan
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Bruno Amara; John Kim
Subject: RE: Draft Amending Agreement No. 10
Date: Wednesday, September 06, 2017 5:28:30 PM

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From:	Victor Buza
To:	Sarah Harris
Cc:	Lisa Stein; Caroline Swerdlyk; Anthony Martinello; William Tan
Subject:	RE: Draft Amending Agreement No. 10
Date:	Friday, September 08, 2017 4:30:32 PM
Attachments:	OFA IESO Amending Agreement No 10 OFA Markup Sep7 IESO Sep8.docx

Hi Sarah and Lisa – per our email exchanges earlier this afternoon, see comments/ minor fixes in the attached.

I accepted the changes and removed the comments from the version that Will sent yesterday in the preceding email, so any comments or changes remaining are new.

Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 07, 2017 3:40 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris; Caroline Swerdlyk
Subject: FW: Draft Amending Agreement No. 10

Hello Victor,

As discussed, the extension date of the existing $475 million Revolving Credit Facility to align with the FHP Revolving Credit Facility will be deferred to a future amended and restated agreement. We have included minor edits. Please review and comment.

Thanks,

Will

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Sent: August 30, 2017 6:55 PM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk
Subject: RE: IESO Grid Notes

Hello Anthony,

We have reviewed the grid note you provided and your observation is correct that you are provided with one line item with the consolidated total amount compared to the distinct separate the advances we originally understood.

Yes, we have access to a version of the grid note that separates the advances that is not provided to you, which caused the confusion.

Does the revised Section 3.3(2) and Schedule 2 (Form of Election Notice) still functional to you?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes

Hi,

Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).

It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

Ontario

LeRoy Ahyee
Settlements Officer | Ontario Financing Authority

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such Advances~~advances~~ and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

Commented [VB1]: See comment on similar FHP language and make consistent between documents.

Commented [VB2]: Same as "Advances Outstanding"?? Or is this different?

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

   (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

   (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

   (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

   (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered

Commented [VB3]: Leave as is

Commented [A4]: As of August 21, 2017. IESO to confirm.

hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section ~~3.2~~ 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Commented [VB5]: Change of reference

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

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OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

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This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

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The IESO waives presentment for payment and notice of non-payment.

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

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IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Kelly Listoe
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:37:49 PM

I asked Victor to provide – isn't it best for them to tell us what they mean by it?

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Lisa Stein
Sent: Wednesday, April 26, 2017 1:37 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Draft Amending Agreements

We still require a definition of "Ontario's Fair Hydro Plan". Would you like to provide one or should I leave it as a note for IESO?

From: Kelly Listoe
Sent: Wednesday, April 26, 2017 1:35 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Draft Amending Agreements

Hi Lisa

This is the last version of the RCL that was sent to IESO yesterday.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Kelly Listoe
Sent: Tuesday, April 25, 2017 3:30 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Victor

Attached is a revised draft of the revolving facility amendment incorporating our legal department comments. Please review and provide suggested definitions pursuant to Lisa Stein's comments, which are self explanatory. Other than that, your suggestions have been accepted.

A new form of borrowing notice is attached as well.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, April 24, 2017 4:45 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Kelly. Anthony asked me to assist with finalizing the draft amending agreements you forwarded for the operating and note facilities maturing this month.

Attached are marked-up versions of these amending agreements indicating our proposed revisions to the agreements. Please feel free to contact me if you have any questions concerning the attached documents.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 12, 2017 11:05 AM
To: Anthony Martinello
Subject: Draft Amending Agreements

Hi Anthony:

Please find attached the draft agreements for the operating and note facilities maturing at month end.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8090

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From: Lisa Stein
To: Kelly Listoe
Cc: Sarah Harris
Subject: RE: Draft Amending Agreements
Date: Wednesday, April 26, 2017 1:36:57 PM

We still require a definition of "Ontario's Fair Hydro Plan". Would you like to provide one or should I leave it as a note for IESO?

From: Kelly Listoe
Sent: Wednesday, April 26, 2017 1:35 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From:	Lisa Stein
To:	Kelly Listoe
Cc:	Sarah Harris
Subject:	RE: Draft Amending Agreements
Date:	Wednesday, April 26, 2017 1:38:38 PM

That's fine, I'll leave it as a placeholder. I briefly discussed it with him yesterday as well and I think we are on the same page.

From: Kelly Listoe
Sent: Wednesday, April 26, 2017 1:38 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Draft Amending Agreements

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Subject: RE: Draft Amending Agreements

Hi Victor

Attached is a revised draft of the revolving facility amendment incorporating our legal department comments. Please review and provide suggested definitions pursuant to Lisa Stein's comments, which are self explanatory. Other than that, your suggestions have been accepted.

A new form of borrowing notice is attached as well.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, April 24, 2017 4:45 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Draft Amending Agreements

Hi Kelly. Anthony asked me to assist with finalizing the draft amending agreements you forwarded for the operating and note facilities maturing this month.

Attached are marked-up versions of these amending agreements indicating our proposed revisions

to the agreements. Please feel free to contact me if you have any questions concerning the attached documents.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 12, 2017 11:05 AM
To: Anthony Martinello
Subject: Draft Amending Agreements

Hi Anthony:

Please find attached the draft agreements for the operating and note facilities maturing at month end.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
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Toronto, ON. M7A 1Y7
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From:	John Kim
To:	Ken Kandeepan; Lisa Stein
Cc:	Sarah Neville; Anna Strathy; Sarah Harris; William Tan; Gavin He; Bruno Amara
Subject:	RE: Energy"s PRRT
Date:	Wednesday, October 18, 2017 9:57:02 AM

Ok, thanks….all along this group had recommended the exemption directive option. That said, my advice would be to leave both options open but pls. let us know. I have spoken to Ron as well and he is onside with either approach.

From: Ken Kandeepan
Sent: Wednesday, October 18, 2017 9:46 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Will confirm this AM.

Thanks

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Thanks John, who is making this decision and shouldn't that be Gadi

Let me know

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John, I checked with our MOECC analyst, Green ON Fund is an agency of MOECC and is flowing funding to IESO.

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To: Strang, James (TBS)
Cc: Skubel, Chris (TBS); Malekzadeh, Afshin (TBS); Bruno Amara; He, Gavin (OFA)
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Agree?

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Subject: RE: Energy's PRRT

20-18-19 PRRT hasn't started as yet.

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Hi James,

Hope all's well.

Can you share Energy's approved PRRT? Have some urgent stuff we are dealing with.

Thanks,

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

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To:	John Kim; Lisa Stein
Cc:	Sarah Neville; Anna Strathy; Sarah Harris; William Tan; Gavin He; Bruno Amara
Subject:	RE: Energy"s PRRT
Date:	Wednesday, October 18, 2017 9:45:41 AM

Will confirm this AM.

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Ken k

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From:	Ken Kandeepan
To:	John Kim; Lisa Stein
Cc:	Sarah Neville; Anna Strathy; Sarah Harris; William Tan; Gavin He; Bruno Amara
Subject:	RE: Energy"s PRRT
Date:	Wednesday, October 18, 2017 9:44:10 AM

Thanks John, who is making this decision and shouldn't that be Gadi

Let me know
Ken k

From: John Kim
Sent: Tuesday, October 17, 2017 1:57 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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From:	Lisa Stein
To:	John Kim
Cc:	Sarah Neville; Ken Kandeepan; Anna Strathy; Sarah Harris; William Tan; Gavin He; Bruno Amara
Subject:	RE: Energy"s PRRT
Date:	Tuesday, October 17, 2017 2:00:04 PM

Hi John,

I agree with your interpretation.

Lisa

From: John Kim
Sent: Tuesday, October 17, 2017 1:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Date:	Tuesday, October 17, 2017 1:43:42 PM

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Based on a conversation with Gadi, any solution that continues with the intercept provision will most likely be unacceptable from OPG's perspective. They are concerned that despite the intercept being toothless on a practical basis it may send the wrong message to DBRS as it assess the credit-worthiness of the OFHP debt.

It appears that the only solution is have the Minister sign an exemption and we should focus on getting that in place.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 17, 2017 1:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Energy's PRRT

Hi Lisa and everyone,

Along with comments from Ken over the weekend, just circling everyone in on the latest information from TBS. Pls. advise if your assessment changes but to me, TBS appears to be advising that Green ON Fund is not IESO's operation expense/allocation but allocation from MOECC to Green ON Fund.

Also, IESO staff have thus far signalled positively on the letter agreement. We are potentially looking about 2 days to conclude the process.

One caveat is that OPG is requesting that the trust be given first priority/security over all IESO assets. While the issue is still being discussed, if this is to proceed, the IESO will have to amend its current facilities. I would consider this almost as a separate issue in that if the scenario plays out, then we would need to look at and potentially open up all existing facilities.

John

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]

Sent: Tuesday, October 17, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Energy's PRRT

John, I checked with our MOECC analyst, Green ON Fund is an agency of MOECC and is flowing funding to IESO.

James

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 13, 2017 4:49 PM
To: Strang, James (TBS)
Cc: Skubel, Chris (TBS); Malekzadeh, Afshin (TBS); Bruno Amara; He, Gavin (OFA)
Subject: RE: Energy's PRRT

Hi James,

The Green ON Fund…am I correct to think that this is also not part of IESO's operating expense/allocation? As for the items below (for Energy), it is a program expense facilitated through the IESO?

Thanks,

John

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Subject: RE: Energy's PRRT

You are correct.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 1:28 PM
To: Strang, James (TBS)
Cc: Skubel, Chris (TBS); Malekzadeh, Afshin (TBS); Bruno Amara
Subject: RE: Energy's PRRT

Thanks. OREC is not IESO's operating expense/allocation, right? It's a program expense facilitated through the IESO.

Agree?

From: Strang, James (TBS) [mailto:James.Strang@ontario.ca]
Sent: Friday, August 18, 2017 1:19 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Chris Skubel (MGS) <Chris.Skubel@ontario.ca>; Afshin Malekzadeh (MOHLTC) <Afshin.Malekzadeh@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

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There is no IESO allocation in Printed Estimates. There is an OREC transfer payment. In the 17-18 PRRT workbook for OREC is the following:

- Electricity utilities are reimbursed by submitting and receiving claims which are netted against their other monthly transactions from the IESO, and the IESO submits and receives one monthly amount from the Ontario Financing Authority on behalf of the Ministry of Energy – this process is streamlined and leverages an already existing reimbursement process, thereby minimizing costs.

The second attachment, email, contains the consolidation worksheet from OPCD. For IESO, I don't see any Transfer Payment flows in from the Province.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 18, 2017 12:57 PM
To: Strang, James (TBS)
Subject: RE: Energy's PRRT

Is there a way to quickly see if any allocations were made for the IESO? Whichever way is good. We just want to confirm there is no appropriation for the IESO's operation or operating expense.

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Subject: RE: Energy's PRRT

So do you want the final minutes, their submission, the assessment note?

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Cc: Bruno Amara
Subject: RE: Energy's PRRT

Last year's?

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Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

20-18-19 PRRT hasn't started as yet.

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Sent: August 18, 2017 12:53 PM
To: Strang, James (TBS)
Cc: Bruno Amara
Subject: Energy's PRRT

Hi James,

Hope all's well.

Can you share Energy's approved PRRT? Have some urgent stuff we are dealing with.

Thanks,

John

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

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From:	Ken Kandeepan
To:	John Kim; Lisa Stein
Cc:	Sarah Neville; Anna Strathy; Sarah Harris; William Tan; Gavin He; Bruno Amara
Subject:	RE: Energy"s PRRT
Date:	Wednesday, October 18, 2017 9:59:18 AM

My meeting with Gadi on this and other issues has been rescheduled to 4PM today so will get back to you immediately after that.

Thanks

Ken k

From: John Kim
Sent: Wednesday, October 18, 2017 9:57 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

Ok, thanks….all along this group had recommended the exemption directive option. That said, my advice would be to leave both options open but pls. let us know. I have spoken to Ron as well and he is onside with either approach.

From: Ken Kandeepan
Sent: Wednesday, October 18, 2017 9:46 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

Will confirm this AM.

Thanks

Ken k

From: John Kim
Sent: Wednesday, October 18, 2017 9:45 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: Energy's PRRT

Absolutely it is Gadi. Do we have his instruction?

From: Ken Kandeepan
Sent: Wednesday, October 18, 2017 9:44 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

Thanks John, who is making this decision and shouldn't that be Gadi

Let me know
Ken k

From: John Kim
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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Energy's PRRT

Hi Ken,

From the start, the exemption had been the advocated path. I will keep this interception option open until the decision is made to pursue Minister's directive or when we have that directive signed. We can always walk away from this option.

Thanks,

John

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John, I checked with our MOECC analyst, Green ON Fund is an agency of MOECC and is flowing funding to IESO.

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John

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

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From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Lisa Stein; Anthony Martinello; Julie Wong Barker
Subject:	RE: Exchange of Grid Notes
Date:	Friday, November 24, 2017 11:52:26 AM

Thanks William. I am not in our Toronto office today so, assuming it will go by same day delivery, please address it to the Attn of my colleague Julie Wong Barker at that same address (cc'ed on this email).
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 24, 2017 9:27 AM
To: Victor Buza
Cc: Sarah Harris; Lisa Stein; Anthony Martinello
Subject: RE: Exchange of Grid Notes

Good morning Victor,

The note for $475M arrived late yesterday. I will be sending you the cancelled note for $975M. Shall I have it delivered to your attention at:

1600-120 Adelaide Street West
Toronto, ON M5H 1T1

Please find the attached copies of both notes.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 22, 2017 3:07 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Exchange of Grid Notes

Ok thanks Will. I will send over the new original note tomorrow morning by same day delivery – I missed the early deadline today.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 22, 2017 1:40 PM
To: Victor Buza
Cc: Sarah Harris; Lisa Stein; Anthony Martinello
Subject: FW: Exchange of Grid Notes

Hello Victor,

Anthony and I discussed that after the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received, OFA will send the $975MM cancelled prom note to IESO.

Attached are the grid notes for you reference. Please send the prom note addressed to me below.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 22, 2017 12:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Exchange of Grid Notes

Hi Will. I understand from Anthony that the November advances etc have now occurred under the new FHP line of credit and the 2005 line of credit.

Just wanted to check in with you on arranging for the exchange of the Grid Notes regarding the 2005 line of credit i.e. we will provide to OFA the new $475MM Note in exchange for the return to us of the old $975MM Note.

Let me know what your standard practice is.

Thanks,
Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	"Victor Buza"
Cc:	Sarah Harris; Lisa Stein; Anthony Martinello
Subject:	RE: Exchange of Grid Notes
Date:	Friday, November 24, 2017 9:27:06 AM
Attachments:	$475M Promissory Grid Note.pdf $975M Cancelled Promissory Grid Note.pdf

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Capital Markets Division | Ontario Financing Authority
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date: Nov. 21, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Name: Kimberly Marshall
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Lisa Stein; Anthony Martinello
Subject:	RE: Exchange of Grid Notes
Date:	Wednesday, November 22, 2017 3:06:46 PM

Ok thanks Will. I will send over the new original note tomorrow morning by same day delivery – I missed the early deadline today.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 22, 2017 1:40 PM
To: Victor Buza
Cc: Sarah Harris; Lisa Stein; Anthony Martinello
Subject: FW: Exchange of Grid Notes

Hello Victor,

Anthony and I discussed that after the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received, OFA will send the $975MM cancelled prom note to IESO.

Attached are the grid notes for you reference. Please send the prom note addressed to me below.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 22, 2017 12:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Exchange of Grid Notes

Hi Will. I understand from Anthony that the November advances etc have now occurred under the new FHP line of credit and the 2005 line of credit.

Just wanted to check in with you on arranging for the exchange of the Grid Notes regarding the 2005 line of credit i.e. we will provide to OFA the new $475MM Note in exchange for the return to us of the old $975MM Note.

Let me know what your standard practice is.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From:	Julie Wong Barker
To:	Victor Buza; William Tan
Cc:	Sarah Harris; Lisa Stein; Anthony Martinello
Subject:	RE: Exchange of Grid Notes
Date:	Friday, November 24, 2017 11:57:15 AM

For ease of reference, my contact info is below.

Julie Wong Barker | Bilingual Sr. Legal Counsel
Independent Electricity System Operator (IESO) | T: (416) 969-6206 | C: (416) 904-4479
120 Adelaide Street West - Suite 1600, Toronto, ON, M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
Conservation: www.saveONenergy.ca[saveonenergy.ca] | Twitter: saveONenergyOnt[twitter.com] | LinkedIn: saveONenergy[linkedin.com]

From: Victor Buza
Sent: November 24, 2017 11:52 AM
To: William Tan
Cc: Sarah Harris; Lisa Stein; Anthony Martinello; Julie Wong Barker
Subject: RE: Exchange of Grid Notes

Thanks William. I am not in our Toronto office today so, assuming it will go by same day delivery, please address it to the Attn of my colleague Julie Wong Barker at that same address (cc'ed on this email).
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 24, 2017 9:27 AM
To: Victor Buza
Cc: Sarah Harris; Lisa Stein; Anthony Martinello
Subject: RE: Exchange of Grid Notes

Good morning Victor,

The note for $475M arrived late yesterday. I will be sending you the cancelled note for $975M. Shall I have it delivered to your attention at:

1600-120 Adelaide Street West
Toronto, ON M5H 1T1

Please find the attached copies of both notes.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 22, 2017 3:07 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Exchange of Grid Notes

Ok thanks Will. I will send over the new original note tomorrow morning by same day delivery – I missed the early deadline today.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 22, 2017 1:40 PM
To: Victor Buza
Cc: Sarah Harris; Lisa Stein; Anthony Martinello
Subject: FW: Exchange of Grid Notes

Hello Victor,

Anthony and I discussed that after the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received, OFA will send the $975MM cancelled prom note to IESO.

Attached are the grid notes for you reference. Please send the prom note addressed to me below.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 22, 2017 12:50 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Exchange of Grid Notes

Hi Will. I understand from Anthony that the November advances etc have now occurred under the new FHP line of credit and the 2005 line of credit.

Just wanted to check in with you on arranging for the exchange of the Grid Notes regarding the 2005 line of credit i.e. we will provide to OFA the new $475MM Note in exchange for the return to us of the old $975MM Note.

Let me know what your standard practice is.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From:	Lisa Stein
To:	Sarah Neville
Subject:	RE: FHP
Date:	Tuesday, October 24, 2017 2:42:44 PM

Thank you. I agree that these issues are best addressed by CEFD but happy to discuss further if required.

From: Sarah Neville
Sent: Tuesday, October 24, 2017 2:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP

FYI – as discussed.

Sarah

From: Sarah Neville
Sent: Tuesday, October 24, 2017 1:23 PM
To: John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP

Hi John – The directive I'm referring to would be the second one, the directive to amend the existing facilities once the intercept was in place, should that be requested. That was Gadi's view, I think on the basis that it would be removing something at OPG's request after the intercept was already in place, rather than at first instance, and if we couldn't manage to obtain a directive it would lead to OPG having to borrow at a lower credit rating.

I think Anna has a better handle on the various dynamics at play between the various players which were underlying Gadi's concern. I noted these were issues better addressed by CEFD, just wanted you to be aware this had come up today as I expect this will move fast (hopefully) in the coming days.

Sarah

From: John Kim
Sent: Tuesday, October 24, 2017 12:47 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: FHP

Hi Sarah,

The second paragraph action was taken, re: required approvals for amending the facility or facilities in place.

As for the third paragraph, you mention that obtaining a directive later will be more difficult than it would now. Which directive are you referring to? Are you referring to 1. The directive to exempt the intercept provision or 2. The directive to amend the existing facility or possibly facilities (if we have the FHP one executed in the next few days [TBD]). If both facilities are put in place and the situation calls for an amendment (#2) to grant OPG priority of payments/assets, why would there be greater difficulty on reacting to a scenario that we do not have any certainty to as of this point in time.

Thanks,

John

From: Sarah Neville
Sent: Tuesday, October 24, 2017 12:40 PM
To: John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FHP

Hi John and Francisco –

By way of heads up, I just had my weekly with Gadi and he asked me about the FHP. I noted the time pressures and that both policy options were still on the table (directive/intercept) but that correspondence from this morning indicated IESO may be getting ready to include intercept as comments had been received on the tri-partite letter this morning.

We also discussed at a high level the OPG security request in respect of IESO assets, and I summarized our discussion from Friday and my advice to communicate to IESO (which advice was followed) that OFA can't make any representations that the agreements could or would be amended in the future, absent required approvals, should IESO wish to remove the intercept at a later date.

Gadi was somewhat concerned that if this option is pursued the OPG security issue should be resolved in advance of concluding the loan agreement with the IESO on the basis that in his view obtaining a directive later will be more difficult than it would be now. I am not sure this is possible given timing and I know we had canvassed this at our meeting last week so wanted to flag the concern Gadi raised for you so that you can address it as this moves through the decision making process.

Please let me know if you have any questions.

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

From:	Sarah Neville
To:	Lisa Stein
Subject:	RE: FHP
Date:	Tuesday, October 24, 2017 2:45:44 PM

Just wanted you to be aware. This is not inconsistent with what I said on Friday at the meeting but ultimately this needs to move forward in short order and this is a policy decision as to how. I expect it will move forward with the intercept included, as John has rightly flagged in a subsequent email that the security issue is one for OPG and IESO to work out and we can't guess where that will land.

Sarah

From: Lisa Stein
Sent: Tuesday, October 24, 2017 2:43 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: FHP

Thank you. I agree that these issues are best addressed by CEFD but happy to discuss further if required.

From: Sarah Neville
Sent: Tuesday, October 24, 2017 2:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP

FYI – as discussed.

Sarah

From: Sarah Neville
Sent: Tuesday, October 24, 2017 1:23 PM
To: John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
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Thanks,

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From: Sarah Neville
Sent: Tuesday, October 24, 2017 12:40 PM
To: John Kim <John.Kim@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FHP

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Please let me know if you have any questions.

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP AA No. 10 - Order of Events
Date:	Friday, October 27, 2017 9:32:35 AM

This is a business matter. I don't think you should be sending out checklists externally that include any legal matters.

From: William Tan
Sent: Friday, October 27, 2017 8:49 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP AA No. 10 - Order of Events

Good morning Lisa,

Anthony has notified us of his intentions on Nov 21, to move the entire balance of $840mm + new advance, to the $2B credit facility. I have put together a timeline/checklist based on the aforementioned scenario in an effort to get everyone on the same page. You will notice that the FHP credit facility is set-up first to be available when the transfer is eventually ready to be done. The Amending Agreement No. 10 will be signed and reduced closer to the time of the transfer.

Please find the attached checklist outlining the order of events. I have also created a separate internal checklist. Please review both checklists so I may share the **EXTERNAL** checklist it with Anthony.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP AA No. 10 - Order of Events
Date: Friday, October 27, 2017 9:55:00 AM

Hi Lisa,

Please put a hold on reviewing the internal and external checklists. I discussed the checklists with Sarah and we are going to simplify the communication with IESO.

Thanks,

Will

From: William Tan
Sent: Friday, October 27, 2017 8:49 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP AA No. 10 - Order of Events

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein
Subject:	RE: FHP Credit Facility Agreement
Date:	Friday, August 04, 2017 4:32:04 PM

Hello,

we expect to have a draft for you to review early next week.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued

Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

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Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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To: Jean-Francois Beaupre
Subject: RE: FHP Credit Facility Agreement
Date: Monday, July 31, 2017 5:33:53 PM

Hi JF,

Following our discussion this afternoon, I spoke briefly to IESO Legal Counsel, who informed me that IESO's only secured debt are the "Permitted Liens". He

---

From: Jean-Francois Beaupre
Sent: Monday, July 31, 2017 3:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP Credit Facility Agreement

Will do Lisa! Just confirming you're at 416-928-7625?
We are going to discuss this further tomorrow,

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To: Jean-Francois Beaupre
Subject: RE: FHP Credit Facility Agreement
Date: Monday, July 31, 2017 3:59:38 PM

I'm still on a call. I'll e-mail you (or call you?) once available

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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Jean-Francois Beaupre
Subject:	RE: FHP Credit Facility Agreement
Date:	Monday, July 31, 2017 3:40:54 PM

Are you available for a brief call to discuss later this afternoon or tomorrow morning?

From: Jean-Francois Beaupre
Sent: Friday, July 28, 2017 2:55 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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From: Lisa Stein
To: Jean-Francois Beaupre
Cc: Sarah Harris; Kelly Listoe; William Tan
Subject: RE: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 4:27:57 PM

Hi JF,

As this seems to be an operational matter, I think it should be addressed separately from my legal drafting call. However, I will ask Victor to send me those definitions and we can work together to incorporate them into the next draft.

Thank you,

Lisa

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Sent: Thursday, July 27, 2017 5:04 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.

Happy to discuss further.

Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Subject: FW: FHP Credit Facility Agreement

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

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we discussed yesterday.)

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I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject: RE: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 2:28:07 PM

Hi William,

I have reviewed the revised draft and there are a couple of drafting points that I would like to discuss with Victor. I will contact him directly prior to sending you a further draft.

Thank you,

Lisa

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Subject: FW: FHP Credit Facility Agreement

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Thanks,

Will

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Subject: RE: FHP Credit Facility Agreement

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Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sent: July 25, 2017 12:23 PM
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Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Jean-Francois Beaupre
To: Lisa Stein
Cc: Sarah Harris; Sarah Neville; Kelly Listoe; William Tan
Subject: RE: FHP Credit Facility Agreement
Date: Thursday, July 27, 2017 5:03:33 PM

Hi Lisa,

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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From:	Lisa Stein
To:	William Tan
Subject:	RE: FHP Credit Facility Agreement
Date:	Wednesday, July 26, 2017 4:44:40 PM

Thanks for the update

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
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Regards,
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From:	Lisa Stein
To:	Bruno Amara
Cc:	William Tan; Sarah Harris; Jean-Francois Beaupre; Gavin He
Subject:	RE: FHP Credit Facility Agreement
Date:	Wednesday, August 02, 2017 1:24:24 PM

Please send me a planner for a 4 pm call

From: Bruno Amara
Sent: Wednesday, August 02, 2017 12:36 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa

Thanks for forwarding that. I still have a couple of questions, but a quick phone call may be more efficient. I'm available at 1pm and then later this afternoon 4pm. Do either of those times work for me to give you a call?

Thanks
Bruno

From: Lisa Stein
Sent: Wednesday, August 02, 2017 11:12 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hi Bruno,

The e-mail chain below, and esp. the e-mail from Victor Buza (IESO) may shed some light on your questions, specifically with respect to the "permitted liens" and the negative pledge. Please review and then let me know if you would like to discuss further.

Thank you,

Lisa

From: Jean-Francois Beaupre

Sent: Tuesday, August 01, 2017 9:09 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

Further to our call yesterday, we are fine retracting the comment about the criminal rate of interest and maintaining this language. Also, the intention is not to secure the $2 billion revolving credit facility agreement against any IESO assets but I think it would be helpful to confirming this with Victor just to be sure. We reviewed sections 3.3(5) and 4.6 again and do not believe IESO would be offside so long as this revolving credit facility agreement was treated equally with all other unsubordinated obligations. As we are not aware which IESO liabilities may be secured against assets and who may have a priority claim against these assets, we think the language should remain as is. What we do know is that only that certain types of liens will be permitted under this agreement. The language we commonly use for the Province to describe this type of debt is: "direct, unsecured, unsubordinated obligations".

Happy to discuss further and we will make the changes to the form of notices once we received your revised draft.

Best regards,

JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm just on another call. Can you call me around 4 on my cell?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Monday, July 31, 2017 3:45 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: FHP Credit Facility Agreement
>
> Hi Lisa,
>
> I can give you a call now from my cell if that works for you?
>
> Thanks,
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> On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:
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> > Are you available for a brief call to discuss later this afternoon or

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Sent: Friday, July 28, 2017 2:55 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

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Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Cc: Anthony Martinello

Subject: FHP Credit Facility Agreement

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Best regards,

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Capital Markets Division | Ontario Financing Authority
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Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Sarah Harris; Jean-Francois Beaupre; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement
Date: Wednesday, July 26, 2017 8:30:30 AM

---

fyi

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 8:16 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Re: FHP Credit Facility Agreement

Hi Will - I am in a position to finalize our comments and will provide a draft of this Facility Agreement today.
Regards,
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From:	Bruno Amara
To:	Lisa Stein
Cc:	William Tan; Sarah Harris; Jean-Francois Beaupre; Gavin He
Subject:	RE: FHP Credit Facility Agreement
Date:	Wednesday, August 02, 2017 12:36:15 PM

Hi Lisa

Thanks for forwarding that. I still have a couple of questions, but a quick phone call may be more efficient. I'm available at 1pm and then later this afternoon 4pm. Do either of those times work for me to give you a call?

Thanks
Bruno

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To: Bruno Amara <Bruno.Amara@ofina.on.ca>
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Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

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Sent: Wednesday, July 26, 2017 1:02 PM
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Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Jean-Francois Beaupre
To:	Lisa Stein
Subject:	RE: FHP Credit Facility Agreement
Date:	Tuesday, August 01, 2017 10:57:55 AM

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Thanks,
JF

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Sent: Tuesday, August 01, 2017 10:29 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Sent: July 25, 2017 12:23 PM

To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Jean-Francois Beaupre
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Kelly Listoe
Subject:	RE: FHP Credit Facility Agreement
Date:	Tuesday, August 01, 2017 10:25:05 AM

Hi Lisa,

Using "unsecured Indebtedness" seems appropriate. Does IESO even have any subordinated debt?

Thanks,
JF

From: Lisa Stein
Sent: Tuesday, August 01, 2017 9:54 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Regards,
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and placeholders in the form of borrowing and election notices and possibly also the grid note itself.

Happy to discuss further.

Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on

the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello

Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Victor Buza
To:	William Tan; Anthony Martinello
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein
Subject:	RE: FHP Credit Facility Agreement
Date:	Friday, August 04, 2017 4:36:43 PM

Thanks for letting us know, Will.
Have a good weekend all.
FYI I will be back in the office on Wednesday.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 04, 2017 4:32 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: FHP Credit Facility Agreement

Hello,

we expect to have a draft for you to review early next week.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan; Bruno Amara
Cc:	Tobias P. Whitfield (MOF); Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: FHP Credit Facility outstanding issues
Date:	Friday, August 04, 2017 9:16:46 AM

I'm currently working with Toby from MOF Legal on these issues. I'm aiming for a draft by the end of day today, but I cannot guarantee it at this time.

From: William Tan
Sent: Friday, August 04, 2017 9:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FHP Credit Facility outstanding issues

Good morning all,

We have had possession of this draft since Wednesday July 26. There are two outstanding issues holding-up the FHP Credit Facility draft:

"Permitted Leins"

(k) any Lien arising in connection with the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or otherwise.

On yesterday's call, Anthony said that the operations for FHP are still being worked-out and that it's difficult to itemize everything that would be related (k) and would fall under the OFHP obligations and include them in section (k). Because of the fluidity of the situation, (k) was intentionally worded in this manner and (k) does not sound to be unreasonable to me.

I am not an expert on the operations of the Fair Hydro Plan. But according to the link below, the FHP includes a number of Enhanced Social Programs which include Rural/Remote Rate Protection Program (RRRP),Regulated Price Plan (RPP), Ontario Electricity Support Program (OESP), First Nations On-Reserve Delivery Credit, Affordability Fund and Clean Energy Adjustment.
https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html

Lisa please arrange to speak with Toby and Bruno to answer any concerns Bruno may have with (k).

Section 3.3 Election Regarding Advances

(5)the Credit Facility shall at all times rank *pari passu* with all other unsecured Indebtedness of the IESO.

Lisa, I understand you have an email with Toby yesterday. May I ask that you and Toby work-out a satisfactory wording for (k). Jean-Francois has already provided his opinion that "unsecured Indebtedness seems appropriate". Once you conclude on the wording please show JF and I. I ask that you communicate with Victor to determine if the wording is agreeable. I understand that sending a draft version is preferred but we are running out of time. Once he agrees then we can send him the soft copy.

It's important that we get this document out to IESO today.
I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Subject: RE: FHP Credit Facility outstanding issues
Date: Friday, August 04, 2017 9:26:41 AM

Thanks Lisa. Almost there.

From: Lisa Stein
Sent: Friday, August 04, 2017 9:17 AM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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https://news.ontario.ca/mei/en/2017/5/ontarios-fair-hydro-act-2017-1.html

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Section 3.3 Election Regarding Advances
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It's important that we get this document out to IESO today.
I am available all day today if you need me to join or arrange a call.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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Tel. (416) 325-8090 | Fax: (416) 860-8346
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From: Sarah Harris
To: Caroline Swerdlyk; Lisa Stein; William Tan
Subject: RE: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:28:47 PM

Hi,
I am available as well, but am also working from home and would teleconference in. 2:30 p.m. would be my preference.
Thanks,
Sarah

From: Caroline Swerdlyk
Sent: Tuesday, September 05, 2017 1:25 PM
To: Lisa Stein ; William Tan ; Sarah Harris
Subject: RE: FHP Credit Facility

Hi,
Since Lisa is back in the office, should we have a quick discussion on the current status of the documents? Would anytime between 1:30 and 3:00 work?
I am working from home today so can send out teleconference information if everyone is available.
Thanks,
Caroline

From: William Tan
To: Caroline Swerdlyk; Lisa Stein; Sarah Harris
Subject: RE: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:28:00 PM

Hi Caroline,
I'm flexible today.

From: Caroline Swerdlyk
Sent: Tuesday, September 05, 2017 1:25 PM
To: Lisa Stein ; William Tan ; Sarah Harris
Subject: RE: FHP Credit Facility

Hi,
Since Lisa is back in the office, should we have a quick discussion on the current status of the documents? Would anytime between 1:30 and 3:00 work?
I am working from home today so can send out teleconference information if everyone is available.
Thanks,
Caroline

From: Caroline Swerdlyk
To: Lisa Stein; William Tan; Sarah Harris
Subject: RE: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:25:26 PM

Hi,
Since Lisa is back in the office, should we have a quick discussion on the current status of the documents? Would anytime between 1:30 and 3:00 work?
I am working from home today so can send out teleconference information if everyone is available.
Thanks,
Caroline

From: Caroline Swerdlyk
To: Lisa Stein; William Tan; Sarah Harris
Subject: RE: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:25:26 PM

Hi,
Since Lisa is back in the office, should we have a quick discussion on the current status of the documents? Would anytime between 1:30 and 3:00 work?
I am working from home today so can send out teleconference information if everyone is available.
Thanks,
Caroline

From: Lisa Stein
To: Lisa Stein
Subject: RE: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:03:59 PM

Hi Caroline,
Actually any time after 1:30 pm this afternoon works for me for a call.
Thank you,
Lisa

From: Lisa Stein
Sent: Tuesday, September 05, 2017 10:28 AM
To: Caroline Swerdlyk
Subject: RE: FHP Credit Facility
Thanks Caroline. Are you able to arrange a call for around 3 pm this afternoon?
Thanks!
Lisa

From: Caroline Swerdlyk
Sent: Tuesday, September 05, 2017 9:48 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP Credit Facility
Hi Lisa,
Welcome back!
There were some additional edits to the agreements last week related to the form of Election Notice. I have uploaded all my emails to the matter site. I didn't cc you on all my emails, but Will added you to most of his emails.
Once you have had a chance to settle in, do you want to have a quick call with Will and Sarah to talk about the current status of the agreements?
Thanks,
Caroline

From: William Tan
Sent: Friday, September 01, 2017 1:23 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Credit Facility
Hello Anthony and Victor,
Please find the clean copy of the credit facility agreement and the blackline copy against the previous version with minimal changes. Please review and comment.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 30, 2017 4:26 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, August 28, 2017 3:39 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>

Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 30, 2017 4:26 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.

As discussed, we amended the election notice to make it more efficient for both IESO and OFA.

We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Caroline Swerdlyk
Subject:	RE: FHP Credit Facility
Date:	Tuesday, September 05, 2017 10:27:52 AM

Thanks Caroline. Are you able to arrange a call for around 3 pm this afternoon?

Thanks!

Lisa

From: Caroline Swerdlyk
Sent: Tuesday, September 05, 2017 9:48 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP Credit Facility

Hi Lisa,

Welcome back!

There were some additional edits to the agreements last week related to the form of Election Notice. I have uploaded all my emails to the matter site. I didn't cc you on all my emails, but Will added you to most of his emails.

Once you have had a chance to settle in, do you want to have a quick call with Will and Sarah to talk about the current status of the agreements?

Thanks,
Caroline

From: William Tan
Sent: Friday, September 01, 2017 1:23 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Credit Facility

Hello Anthony and Victor,

Please find the clean copy of the credit facility agreement and the blackline copy against the previous version with minimal changes. Please review and comment.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 30, 2017 4:26 PM
To: William Tan ; Anthony Martinello
Cc: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Victor Buza | Senior Counsel
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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
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Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Cc: Sarah Harris; Lisa Stein
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Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From: Sarah Harris
To: Caroline Swerdlyk; Lisa Stein; William Tan
Subject: RE: FHP Credit Facility
Date: Tuesday, September 05, 2017 1:28:47 PM

Hi,
I am available as well, but am also working from home and would teleconference in. 2:30 p.m. would be my preference.
Thanks,
Sarah

From: Caroline Swerdlyk
Sent: Tuesday, September 05, 2017 1:25 PM
To: Lisa Stein ; William Tan ; Sarah Harris
Subject: RE: FHP Credit Facility

Hi,
Since Lisa is back in the office, should we have a quick discussion on the current status of the documents? Would anytime between 1:30 and 3:00 work?
I am working from home today so can send out teleconference information if everyone is available.
Thanks,
Caroline

From: Lisa Stein
To: Kenneth Russell
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Wednesday, June 21, 2017 9:13:56 AM

Thanks!

From: Kenneth Russell
Sent: Tuesday, June 20, 2017 10:08 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Lisa

The draft language does appear to be a reasonable description of the interest rate setting process described by William Tan.

Ken

Sent from my iPhone

On Jun 20, 2017, at 3:43 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi Ken,
>
> Based on William's response to my question (it is not interpolation), I think the answer to his question is "yes". Do you have any further views?
>
> Thank you,
>
> Lisa
>
> ---
>
> **From:** William Tan
> **Sent:** Tuesday, June 20, 2017 12:09 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
> **Subject:** RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
>
> Hello Lisa,
>
> Regarding:
>
> "The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility".

I discussed the wording in Section 3.4 (2) with Carlos. Currently there is a system limitation that only allows Trading to select a 1 month and a 3 month cost of funds and as an operational decision not to use linear interpolation. In light of these operational limitations Carlos is of the view that the current wording in Section 3.4 (2) below is satisfactory.

Let me know if you have any additional concerns.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 20, 2017 10:31 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

<image001.png>

Thanks,

Will

From: William Tan

Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

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looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 14, 2017 10:26:50 AM
Attachments:	compared version FHP IESO OFA Credit Agreement (draft).docx

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
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INDEPENDENT ELECTRICTY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties") **(the "OFA")**

RECITALS:

WHEREAS: The *Ontario Fair Hydro Plan Act, 2017* received Royal Assent on June 1, 2017 which will require the participation of the Independent Electricity System Operator ("IESO").

The IESO has requested financing to fund a short to medium term funding shortfalls that the IESO may incur as a result of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") in an aggregate principal amount of up to CAD $2,000,000,000.00.

The following terms and conditions shall apply in respect of the Line of Credit:

The Line of Credit shall be made from OFA for the purpose of providing IESO financing of short to medium term funding shortfallsits funding from the OFA to support the IESO's role in the implementation of, and its participation in, the *Ontario Fair Hydro Plan Act, 2017*. (the "OFHP").

A Line of Credit to IESO will only be made at the request and on the recommendation of the Minister of Energy.

All outstanding amounts, including principal and any interest, shall be repaid in full by no later than September 30, 2022.

The OFA will charge interest on the Line of Credit equal to the Province's total cost of funds, including commissions, plus a twenty-five (25) basis point spread.

The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to

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~~time.~~

~~The Line of Credit shall be evidenced by a credit agreement containing terms and conditions consistent with this~~ **AND WHEREAS** pursuant to Directive ~~and to be entered~~(·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into ~~by~~a credit facility agreement provided that the ~~IESO and the OFA.~~

~~Pursuant to Orders in Council ###/##, made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to make loans to the OFA and to determine the~~maximum principle amount ~~of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined~~ that ~~for the Loan made~~ may be outstanding at any time under the authority ~~of this~~ Directive (·) cannot exceed $2,000,000,000;

AND WHEREAS pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE ~~, the amount of the spread retained by the OFA shall be equal twenty-five (25) basis points.~~in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the notes of IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current

construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date

contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Commented [WT1]: Lisa and MOF LSB, please comment if this regulation if this regulation is under FHP and is it appropriate that its noted here?

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT2]: Question for Lisa, other agreements stop taking advances one month before the agreement is set to expire. Since FHP has a 7 day minimum advancement should this be moved upto September 23, 2022?

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the

outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will

be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during

the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [SH3]: Question for Lisa: should we include failure to perform under s. 6.1 as well/

(d) failure on the part of the IESO to observe or perform any of the other

covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and

empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein,

applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 **Counterparts.**

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**"**,** the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred,

which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCPAL BALANCE	NOTATION MADE BY

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Wednesday, June 14, 2017 10:04:45 AM

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 13, 2017 3:46:15 PM

Further to my earlier e-mail below, I will copy you on the draft directive. The terms of the agreement should be consistent with the directive.

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

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From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan

Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

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Will Tan| *Documentation & Analysis Specialist*
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william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 13, 2017 2:50:56 PM

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

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Will Tan| *Documentation & Analysis Specialist*
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From:	Salman Qadir
To:	Lisa Stein; William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 1:39:19 PM
Attachments:	OFA-IESO-Minister Directive 2013.pdf OPA Loan Increase 2005-2006 (500-77.1).pdf OPA Loan Extension 2006-2010 (500-77.1.2).pdf OFA - Ontario Power Authority Credit Facility - October 14, 2010.pdf OFA-IESO-Minister Directive 2016 - 975M.PDF

Hi Lisa,

Joan sent me this link where these directives are:
http://portal.ofina.on.ca/sites/ld/Directives/Forms/AllItems.aspx

I think the ones attached are all of them. I also attached the latest one from late 2016.

Salman

From: Lisa Stein
Sent: Tuesday, June 13, 2017 1:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

There should also be another one re: increase from $500 million to $975 million

---

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.

Salman

From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
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DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3, 2005, July 28, 2006, and October 14, 2010 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2013;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2013;

AND WHEREAS it is appropriate to extend the the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the OPA for liquidity purposes and to temporarily fund corporate requirements.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2016; and

- provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: DEC 18 2013

Charles Sousa
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 and a directive dated October 3, 2005 (collectively, the "Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $975 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2010.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: July 28, 2006

Greg Sorbara
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
ONTARIO POWER AUTHORITY CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22, 2004, October 3, 2005 and July 28, 2006 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2010;

AND WHEREAS the terms of the Loans are set out in a Loan Agreement entered into by the OFA and the OPA which provides that the OFA may make advances to the OPA on any Business Day (as defined in the Loan Agreement) prior to November 30, 2010;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

Therefore:
Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is directed to:

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2013; and

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2013.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: Oct. 14 , 2010

The Honourable Dwight Duncan
Minister of Finance

DIRECTIVE
MINISTER OF FINANCE
INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority

WHEREAS pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013 (collectively, "the Prior Directives") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes;

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("New IESO");

AND WHEREAS pursuant to the Prior Directives all amounts outstanding under the Loans are required to be repaid in full by December 31, 2016;

AND WHEREAS the terms of the Loans are set out in a Credit Agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, and December 19, 2014 (as so amended, the "Loan Agreement");

AND WHEREAS pursuant to the Amalgamation the obligations of the OPA under the Loan Agreement became the obligations of the New IESO;

AND WHEREAS the Loan Agreement provides that the OFA may make advances to the IESO on any Business Day (as defined in the Loan Agreement) prior to November 30, 2016;

AND WHEREAS it is appropriate to extend the period during which the OFA may make advances to the IESO under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019, and to extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019;

AND WHEREAS the Loan Agreement only permits advances to be outstanding for a period of one month, two months, or three months, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to permit advances to be outstanding, for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO;

AND WHEREAS it is appropriate in connection with the extension of the Loan Agreement to provide that the advances under the Loan Agreement be used by the IESO for liquidity purposes.

Therefore:

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993,* the OFA is directed to

- extend the period during which the OFA may make advances to the OPA under the Loan Agreement to any Business Day (as defined in the Loan Agreement) prior to November 30, 2019;

- extend the date by which all amounts outstanding under the Loan Agreement shall be repaid in full to December 31, 2019; and,

- permit advances to be outstanding for a minimum of twenty-eight days up to a maximum of ninety-five (95) days, at the option of the IESO.

- provide that effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

The Loans shall remain subject to all of the other terms and conditions set out in the Prior Directives.

Dated: NOV 2 8 2016

Charles Sousa
Minister of Finance

From:	Lisa Stein
To:	Salman Qadir; William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 1:32:16 PM

There should also be another one re: increase from $500 million to $975 million

---

From: Salman Qadir
Sent: Tuesday, June 13, 2017 11:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

That must be it William. The latest I could find (with Joan's help) was a 2005 one (attached) and that references the one you have attached, dated December 22, 2004.

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From: William Tan
Sent: Tuesday, June 13, 2017 11:35 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
To: William Tan <William.Tan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

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Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Attachments: OPA Loan Increase 2005-2006 (500-77.1).pdf

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DIRECTIVE
MINISTER OF FINANCE

To: Ontario Financing Authority

Pursuant to a directive dated December 22nd 2004 (the "December 22, 2004 Directive") the Minister of Finance approved and directed the Ontario Financing Authority (the "OFA") to make loans (the "Loans") to the Ontario Power Authority (the "OPA") from time to time, as considered necessary by the OPA to meets its purposes, as set out below:

- The Loans shall be provided to the OPA at a rate equal to the Province of Ontario's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate.

- The terms of the Loans shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

- The aggregate amount of the Loans shall not exceed $500 million at any time, and

- All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

The Minister of Finance hereby approves and directs the OFA to increase the maximum aggregate amount of the Loans from $500 million to $975 million. All of the other terms and conditions to which the Loans are subject pursuant to the provisions of the December 22, 2004 Directive shall remain the same.

Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

From:	William Tan
To:	Lisa Stein; Salman Qadir
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 11:34:34 AM
Attachments:	20170613114132796.pdf

Hello Lisa,

Is this it?

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
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immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

DIRECTIVE

by

Minister of Finance

TO: Ontario Financing Authority ("OFA)
COPY TO: Ontario Power Authority ("OPA")

Pursuant to subsection 16(2) of the *Capital Investment Plan Act, 1993*, the OFA is Directed as follows:

1. Services to the OPA

(i) Services

The OFA shall assist the OPA in carrying out financing transactions on behalf of the OPA and under its direction. Such financing transactions and all activities incidental thereto shall be conducted by the OFA, directly or through service providers engaged by the OFA, for so long as the OPA requires such services from the OFA and so long as the OFA agrees to provide such services. The OFA shall offer to provide such services for at least one year from the date hereof.

The services provided by the OFA to the OPA shall include:

a. borrowing, including refinancing, renewing or replacing debt;

b. managing OPA debt, including servicing and retiring debt;

c. investing OPA's funds;

d. cash management, banking, accounting, financial reporting;

e. providing administrative, technical and other support for the foregoing activities and for the day to day operation of OPA; and

f. such other services as OPA and OFA may agree from time to time.

(ii) Terms

a. The terms on which the services will be provided by the OFA to the OPA, including duration and termination of the services, will be set out in a Service Agreement to be entered into by the OFA and the OPA.

b. The Service Agreement shall require the OFA to be compensated by the OPA for all costs and expenses incurred by the OFA in providing the services. The terms of such compensation shall be set out in the Service Agreement.

2. Borrowing for OPA

The Minister of Finance hereby approves and directs the OFA to make loans to the OPA from time to time, as considered necessary by the OPA to meets its purposes. The loans shall be provided to the OPA at a rate equal to the Province's cost of borrowing, as determined by the OFA, plus a spread of twenty-five basis points and on such other terms as the OFA deems appropriate. The terms of the loan shall be set out in a Loan Agreement to be entered into by the OFA and the OPA.

The aggregate amount of the loans shall not exceed $500 million at any time. All amounts outstanding under the Loan Agreement shall be repaid in full by December 31, 2006.

Dated DECEMBER 22nd, 2004

The Honorable Greg Sorbara
Minister of Finance

Acknowledgment by OPA

To: The Honorable Greg Sorbara
Minister of Finance

And To: Ontario Financing Authority

OPA acknowledges the above Directive and agrees to comply with its terms as they relate to OPA. OPA agrees that it will only use the proceeds of loans it receives from OFA pursuant to this directive for the purposes listed herein.

Dated January 11, 2005, ~~2004~~

OPA

By: Rosalyn Lawrence
R Jennings

From:	William Tan
To:	Lisa Stein
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 11:27:34 AM

I'm going through our files.

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:30 AM
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From:	Joan Dougherty
To:	Lisa Stein
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 10:57:46 AM
Attachments:	OPA Loan Increase 2005-2006 (500-77.1).pdf

Hi Lisa - here is one that I found

Did you look in the directives library - I will check the original document library as well

Thanks –

From: Lisa Stein
Sent: Tuesday, June 13, 2017 10:31 AM
To: Joan Dougherty <Joan.Dougherty@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

Hi Joan,

Are you able to locate the 2 directives below?

Thank you!

Lisa

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Dated: October 3, 2005

The Honourable Greg Sorbara
Minister of Finance

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 3:44:01 PM
Attachments:	image001.png

That works, thanks!

From: Sarah Harris
Sent: Tuesday, June 20, 2017 12:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

How about once you finish your mark-up, I can incorporate any outstanding changes below into it.

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, June 20, 2017 12:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Sarah. I didn't realize you were reviewing the agreement at the same time. Are those the only changes? I'll have to track them into my version. I've also amended the recitals.

From: Sarah Harris
Sent: Tuesday, June 20, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,
Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	Lisa Stein
To:	William Tan; Salman Qadir
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)
Date:	Tuesday, June 13, 2017 10:30:12 AM

Hi William and Salman,

Can one of you please send me the Ministerial directives from 2005 whereby the OFA was directed to lend to the OPA under the revolving credit facility? I've also copied Joan in case she is able to locate them.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 9:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (3 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft) (2 of 3)

From: William Tan
Sent: Monday, June 12, 2017 9:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,
I'll resend the amendments in smaller batches in case the file was too large.

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:48:29 PM

Thanks

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
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Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:46:25 PM
Attachments:	OFA-OPA Original Credit Agreement.pdf Amendment No. 1.pdf Amending Agmt No. 2 to Note Agmt.pdf (Signed) Amendment 3.Final.pdf (Signed) Amendment 4.Final.pdf (Signed) Amendment 5.Final.pdf Amendmen #6 (Executed).pdf Amending Agreement No 7 (Execution Copy).pdf OFA-OPA Amending Agreement No. 8 (Executed).pdf OPA IESO Amendment No 9 (Executed).pdf

---

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From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
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ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

ONTARIO POWER AUTHORITY

175 Bloor Street East, North Tower, Suite 606, Toronto, Ontario M4W 3R8

February 14, 2005

Mr. Gadi Mayman
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto On M7A 1Y7

Dear Sir:

Re: Modification to Clause 4.7 of OPA Credit Facility – Substituting "Agreement" for "Services"

I write with respect to clause 4.7 of the Credit Agreement (the "Agreement") made between the Ontario Power Authority (the "OPA") and the Ontario Financing Authority (the "OFA"), dated January 1, 2005, and the requirement that the language contained therein be modified to better reflect the true intent of the parties to the Agreement.

By evidence of the signatures of the two parties to that Agreement on the face of this letter, the parties hereby consent and agree to amend clause 4.7 on page 12 of the Agreement by substituting the word "Agreement" for the word "Services" in the third line of that clause.

By their signatures the parties further agree that this letter shall be the sole notification to each and every party of the above-noted change and that such change shall take effect as of the date of that Agreement.

Sincerely,

Jan Carr
Chief Executive Officer
Ontario Power Authority

Rosalyn Lawrence
Director, Ontario Power Authority

Gadi Mayman
Chief Executive Officer,
Ontario Financing Authority

AMENDING AGREEMENT NO. 2 TO NOTE AGREEMENT

THIS AGREEMENT is made as of April 23, 2009 between:

A. INDEPENDENT ELECTRICITY SYSTEM OPERATOR, (the "Company")

B. ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

RECITALS:

1. Pursuant to section 116 of the *Electricity Act, 1998*, the Lieutenant Governor in Council made an order ("Transfer Order") transferring certain officers, employees, assets, liabilities, rights and obligations of Ontario Hydro to the Company;

2. Pursuant to the Transfer Order, the Company and OEFC entered into an agreement dated April 1, 1999 ("Note Agreement") under which the Company issued a note in the amount of $70.3 million ("Initial Note") to OEFC in partial payment for the assets and rights described above;

3. The Company and OEFC entered into an amending agreement dated March 23, 2000 (which together with the Note Agreement is referred to in this amending agreement as the "Amended Note Agreement") to provide for the issuance of a new note ("Existing Note") in the amount of $78.2 million in replacement for the Initial Note;

4. The Company was continued under the name Independent Electricity System Operator pursuant to subsection 4(1) of the Electricity Act, 1998 effective January 1, 2005;

5. The Minister of Finance has directed OEFC to extend the term of the loan from May 1, 2009 to May 1, 2011.

6. The parties wish to further amend the Amended Note Agreement.

NOW THEREFORE, in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Defined Terms.**
Capitalized terms used in this amending agreement and not otherwise defined herein have the meanings specified in the Amended Note Agreement;

2. **Amendment to Article 2 of the Amended Note Agreement.**

The following sections are added after Section 2.6.

2.7 **Refinancing Note**

On May 1, 2009, the Company shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule 2.7 (the "Refinancing Note") which shall be in an aggregate principal amount equal to $78.2 million, dated as of May 1, 2009 and maturing on May 1, 2011 and bearing interest at a per annum rate equal to the yield earned on ninety day Province of Ontario treasury bills as determined by the OEFC, plus 25 basis points (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Refinancing Note by OEFC, the Existing Note shall be of no further force or effect and shall be returned by OEFC to the Company marked "cancelled".

2.8 **Interest on Refinancing Note**

From May 1, 2009 to April 30, 2011, interest on the Refinancing Note at the rate specified in Section 2.7 shall accrue daily and shall be payable in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date"), with the first such payment for the Refinancing Note to be made for the period from and including May 1, 2009 to but excluding August 1, 2009.

The interest rate on the Refinancing Note shall be reset automatically by the OEFC on the first business day of each quarter from and including May 1, 2009, to but excluding May 1, 2011 (each, an "Interest Reset Date"), at the interest rate equal to the yield earned on ninety-day Province of Ontario treasury bills on each Interest Reset Date as determined by the OEFC, plus 25 basis points

OEFC will provide the Company with written notice by email of the interest rate, date of interest payment and the interest payment amount due, as soon as possible after its determination, but in no event later than five business days following each Interest Reset Date.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

2.9 Prepayment on Refinancing Note

The Company may, prepay all or part of the Refinancing Note subject to the following restrictions in respect of each said prepayment:

(a) the prepayment shall be in a multiple of $5 million;
(b) the prepayment shall be made on an Interest Payment Date;
(c) the Company shall give irrevocable written notice substantially in the form attached as Schedule 2.9 (a "Notice of Prepayment") to OEFC of the amount of the prepayment at least fifteen (15) Business Days before the date on which the prepayment shall be made.

3. **Reference to and Effect on the Amended Note Agreement.** On and after this date, each reference in the Amended Note Agreement to "this Agreement" and each reference to the Amended Note Agreement in any and all other agreements, documents and instruments delivered by the Company and OEFC shall mean and be a reference to the Amended Note Agreement as amended by this amending agreement. Except as specifically amended by this amending agreement, the Amended Note Agreement shall remain in full force and effect.

4. **No Waiver.** The execution, delivery and effectiveness of this amending agreement shall not, except as expressly provided herein, constitute a waiver of any provision of the Amended Note Agreement.

5. **Governing Law.** This amending agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

6. **Counterparts.** This amending agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this amending agreement.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: Gary Hurkey
CFO.

~~By:~~ _____

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____

Michael Manning
Executive Director

~~By:~~ _____

SCHEDULE 2.7
FORM OF REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Principal Amount:	$78.2 million	Date: May 1, 2009
Interest Rate:	A variable rate of interest equal to the yield earned on ninety day Province of Ontario Treasury Bills, as determined by the Lender, plus 25 basis points	
Due:	May 1, 2011	

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("Company") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $78.2 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

OEFC shall and is unconditionally and absolutely authorized and directed by the Company to record on the grid attached hereto the date and amount of each prepayment on account of the principal paid to OEFC and the resulting outstanding principal amount of this Note provided that such prepayment is made on an Interest Payment Date (as defined below) and in accordance with the terms of the Agreement as amended (as defined below). Such notations, in the absence of manifest mathematical error, shall be *prima facie* evidence of such prepayments.

The outstanding principal amount of this Note together with all interest accrued thereon shall become due and payable on May 1, 2011.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the yield earned on ninety-day Province of Ontario treasury bills , as determined by OEFC, plus 25 basis points. Interest at such rate shall accrue daily and shall be payable in arrears in quarterly installments on February 1, May 1, August 1 and November 1 in each year (each an "Interest Payment Date") commencing August 1, 2009.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the Company and OEFC ("Agreement") and amended by an amending agreement dated March 23, 2000 and an amending agreement dated April 23, 2009, which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICITY
SYSTEM OPERATOR

By: _____

By: _____

Amending Agreement #2 in Respect of Agreement Providing For Issuance of a Note
dated April 23, 2009

DATE	PRINCIPAL ADVANCED ($)	DATE OF EACH PREPAYMENT	AMOUNT OF EACH PREPAYMENT	OUTSTANDING PRINCIPAL AMOUNT ($)	Notation Made By
May 1, 2009	78,200,000			78,200,000	
-	-	-	-	-	-

Schedule 2.9

PREPAYMENT NOTICE

To: OEFC
c/o Ontario Financing Authority
Attention: Manager, Electricity and Nuclear Fund

Fax: (416) 325-8111

From: Independent Electricity System Operator
Treasury Department, Finance

Date: _____

Reference is made to the Note Agreement made between the Independent Electricity System Operator as borrower (the "Company"), and OEFC as lender dated as of April 1, 1999, as amended by agreement as of March 23, 2000 and April 23, 2009 (collectively the "Note Agreement"). Unless otherwise defined herein, all terms used in this notice with initial capital letters (other than for grammatical purposes) shall have the respective meanings ascribed thereto in the Note Agreement.

Pursuant to section 2.9 of the Note Agreement, the Company hereby gives notice to OEFC that the Company will make a prepayment on account of the principal amount of Refinancing Note as follows:

amount of prepayment: _____

date of prepayment: _____

DATED this _____ day of _____, _____.

Yours very truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Title: _____

AMENDING AGREEMENT NO.3

This Amending Agreement made as of the 11th day of October, 2005.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $500 million and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to $500 million;

AND WHEREAS as of the date hereof the total principal amount of advances outstanding under the grid note is $386,034,687.25;

AND WHEREAS the OPA and the OFA have now agreed to increase the operating facility to a principal amount of up to $975,000,000;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. The definition of Commitment in Section 1.1 of the Credit Agreement is amended by deleting "$500 million" and substituting "$975,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $975,000,000 substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $386,034,687.25 Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: Gadi

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

by: MERichardson

Name: MARY ELLEN RICHARDSON

Title VP, CORPORATE AFFAIRS
ACTING CHIEF EXECUTIVE OFFICER

By: _____

Name:

Title

AMENDING AGREEMENT NO.4

This Amending Agreement made as of the 27th day of September, 2006.

BETWEEN: **ONTARIO POWER AUTHORITY** a corporation established under the *Electricity Act, 1998* (the **"OPA"**)

AND: **ONTARIO FINANCING AUTHORITY** a Crown agency established under the *Capital Investment Plan Act, 1993* (the **"OFA"**)

WHEREAS the OPA and the OFA entered into a credit agreement dated January 1, 2005, as amended by an Amending Agreement dated February 14, 2005 and Amending Agreement NO.3 dated October 11, 2005 (together the "Credit Agreement") pursuant to which the OFA has agreed to provide a revolving operating facility to the OPA in the principal amount of up to $975 million and the OPA issued a grid note dated October 12, 2005 to the OFA for a principal amount of up to $975 million;

AND WHEREAS the OPA and the OFA have now agreed to extend the mandatory repayment date for the operating facility from December 31, 2006 to December 31, 2010;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that:

1. Section 2.4 of the Credit Agreement is amended by deleting "December 31, 2006" and substituting "December 31, 2010" therefor.

2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the OPA shall execute and deliver to the OFA a new grid promissory note substantially in the form attached to this Amending Agreement and indicating a total principal amount of advances outstanding to date of $237,677,910.71. Upon receipt of the new grid promissory note, the OFA will cancel and return the existing grid promissory note to the OPA.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman

Title: Chief Executive Officer

ONTARIO POWER AUTHORITY ~~AUTHORITY~~

by: _____

Name: JAN CARR

Title CEO

by: _____

Name: John STEEN

Title Director of Finance

AMENDING AGREEMENT NO.5

This Amending Agreement made as of the 13th day of July 2007.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3") and September 27, 2006 (titled, "Amending Agreement No. 4") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 3.1 of the Agreement is hereby amended by deleting the date "November 30, 2006" substituting therefor the date "November 30, 2010".
2. Section 5.1(b) of the Agreement is hereby amended by deleting the date "December 31, 2006" and substituting therefor the date "December 31, 2010".

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties as further amended by the terms of this Amending Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Excecutive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Jan Carr
Title: Chief Executive Officer

AMENDING AGREEMENT NO.6

This Amending Agreement made as of the 9th day of November 2010.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4") and July 13, 2007 (titled, "Amending Agreement No.5") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2013."

2. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2013."

3. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2013;"

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Gadi Mayman
Title: Chief Executive Officer

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

AMENDING AGREEMENT NO.7

This Amending Agreement made as of the 20th day of December 2013.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricty Act, 1998* ("**OPA**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA"**)

WHEREAS:

A. The parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

B. Pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5") and November 9, 2010 (titled, "Amending Agreement No. 6") the parties amended the Original Agreement (as so amended, the "Agreement").

C. The parties wish to further amend the Agreement pursuant to the terms of this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The first sentence of the Recital in the Agreement is deleted and replaced by the following:

   "The OPA has requested an operating line of credit from the OFA in the amount of $975 million and the OFA has agreed to provide such a line of credit to the OPA."

2. Section 2.3 of the Agreement is deleted and replaced by the following:

   "The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

   (1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

   (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2016."

4. Section 3.1 of the Agreement is deleted and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2016."

5. Section 5.1(b) of the Agreement is deleted and replaced by the following:

   "failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2016;"

6. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

7. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

8. Schedule 3 of the Agreement, OPA Grid Note, is deleted and replaced by the OPA Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Colin Andersen
Title: Chief Executive Officer

SCHEDULE 1 TO AMENDING AGREEMENT NO.7

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is **_____;**
(b) The aggregate amount of the Proposed Advance is **$_____;**
(c) The Repayment Date of the Proposed Advance is **_____.** [not more than 3 months after the date of the Proposed Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2 TO AMENDING AGREEMENT NO. 7

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principle amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 7

SCHEDULE 3

ONTARIO POWER AUTHORITY GRID NOTE

Principal Amount: Up to $975,000,000 Date:

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

ONTARIO POWER AUTHORITY

By:_____
Colin Andersen
Chief Executive Officer

By:_____
Kimberly Marshall
Vice President, Business Strategies & Solutions

AMENDING AGREEMENT NO. 8

This Amending Agreement made as of the 19th day of December 2014.

BETWEEN:

ONTARIO POWER AUTHORITY, a corporation established under the *Electricity Act, 1998* ("**OPA**")
(as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")
(as Lender)

WHEREAS the parties entered into a Credit Agreement dated January 1, 2005 (the "Original Agreement").

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No.3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6") and December 20, 2013 (titled, "Amending Agreement No. 7") the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS OPA and OFA now wish to further amend the Agreement in anticipation of the amalgamation, effective January 1, 2015, of the OPA and the Independent Electricity System Operator to continue as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014.*") which received Royal Assent on July 24, 2014.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Except as otherwise expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement (including in the recitals to this Amending Agreement) have the respective meanings given to those terms in the Agreement, and the following terms shall have the meanings assigned to them below:

   (a) "Act" means *Building Opportunity and Securing Our Future Act (Budget Measures), 2014* (S.O. 2014 c.7), as amended;

   (b) "Amalgamation" means the amalgamation of the OPA and Pre-Amalgamation IESO effective January 1, 2015 to continue as a corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" pursuant to Schedule 7 of the Act;

(c) "Amending Agreement" means this Amending Agreement No. 8;

(d) "Electricity Act" means the *Electricity Act, 1998* (S.O. 1998. c. 15), as amended;

(e) "New IESO" means the corporation without share capital under Part II of the Electricity Act with the name "Independent Electricity System Operator" continued upon the Amalgamation;

(f) "OPA" means the Ontario Power Authority, which will, upon the Amalgamation, amalgamate with Pre-Amalgamation IESO to continue as New IESO;

(g) "Pre-Amalgamation IESO" means the Independent Electricity System Operator, which will, upon the Amalgamation, amalgamate with the OPA to continue as New IESO; and

(h) "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2. Section 2.3 Use of Proceeds - of the Agreement is deleted and replaced by the following:

Up to the effective time of the Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31, 2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

3. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

4. Schedule 2 of the Agreement, Form of Election Notice, is deleted and replaced by the Form of Election Notice attached hereto as Schedule 2.

5. The OPA agrees New IESO shall deliver to OFA a certificate of an officer of New IESO, in form satisfactory to OFA, certifying, as at the effective time of the Amalgamation:

(i) that: (A) all the representations and warranties of New IESO in this Agreement (as amended) are true and correct and (B) no default or Event of Default shall have occurred or be continuing and no event or condition shall have occurred which, with the lapse of time or the giving of notice or both, would constitute an Event of Default; and

(ii) as to incumbency of the officers and directors of New IESO.

6. As soon as reasonably possible following the Amalgamation, but in any event by no later than March 31, 2015, New IESO shall execute and deliver to the OFA a confirmation of New IESO's assumption of the Agreement, as amended by this Amending Agreement, and of the OPA Grid Note, in form satisfactory to OFA, together with a certificate of incumbency in respect of the officers of New IESO.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

ONTARIO POWER AUTHORITY

Per: _____
Name: Kimberly Marshall
Title: VP, Corporate Services; CFO and Treasurer

SCHEDULE 1 TO AMENDING AGREEMENT NO. 8

FORM OF BORROWING NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA") refer to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating to such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [not more than 3 months after the date of the Proposed Advance.]

Use of Funds

The undersigned herby certifies that the funds requested under this notice will be used for the following purposes:

(1) *<indicate amount and purpose of funds requested>*
(2) *<indicate amount and purpose of funds requested>*

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____

Name:

Authorized Signatory

Per: _____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Borrowing Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 1), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

SCHEDULE 2 TO AMENDING AGREEMENT NO. 8

FORM OF ELECTION NOTICE***

Via Fax: (416) 204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Date:

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority ("OPA"), refers to the credit agreement dated January 1, 2005 (as amended, supplemented or restated from time to time, the" Agreement", the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term, and in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [not more than 3 months after the current Repayment date for the Advance.]

The OPA hereby certifies that:

The representations and warranties of the OPA contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The OPA has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

ONTARIO POWER AUTHORITY

Per:_____

Name:

Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

***[Note: In all Election Notices delivered from and after the effective time of the Amalgamation (as defined in Amending Agreement No. 8 to which this Form is attached as Schedule 2), replace all references to "Ontario Power Authority" with "Independent Electricity System Operator" and replace all references to "OPA" with "IESO."]

AMENDING AGREEMENT NO. 9

This Amending Agreement No. 9 (this "**Amending Agreement**") is made as of the 30 day of November, 2016

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**") (as Borrower)

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

WHEREAS the Ontario Power Authority ("OPA") and the OFA entered into a Credit Agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amendding Agreement No. 7") and December 19, 2014 (titled, "Amending Agreement No. 8"), the parties amended the Original Agreement (as so amended, the "**Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "**Amalgamation**") with the name Independent Electricity Sytem Operator;

AND WHEREAS under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation and the Parties wish to amend the Agreement to reflect the name of the amalgamated corporation;

AND WHEREAS the Parties now wish to further amend the Agreement pursuant to the terms of this Amending Agreement;

AND WHEREAS pursuant to Section 7.3 of the Agreement, the Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

NOW THEREFORE IN CONSIDERATION of the mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to the following amendments, effective as of the date first written above.

Except as expressly provided herein or unless the context otherwise requires, capitalized terms not otherwise defined in this Amending Agreement have the respective meanings given to those terms in the Agreement.

1. The following definition is added to Section 1.1 of the Agreement:

   "IESO" means the Independent Electricity System Operator, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998.*

2. Section 1.6 is added to the Agreement as follows:

   "**Section 1.6 References to OPA**

   For the purposes of this Agreement, all references to the "Ontario Power Authority" or "OPA" in this Agreement shall be interpreted as referring to the IESO.

3. Section 2.4 of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Sections 2.9 and 5.1, the IESO shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Oustanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2019."

4. Section 3.1 of the Agreement is deleted in its entirety and replaced by the following:

   "The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Operating Facility from time to time on any Business Day prior to November 30, 2019."

5. Section 3.2(1) of the Agreement is deleted in its entirety and replaced by the following:

   "Subject to Section 3.3(3), each Advance shall be made on two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice of an Advance (each, a "**Borrowing Notice**") shall be given substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2."

6. Section 3.3(1) of the Agreement is deleted in its entirety and replaced by the following:

   "The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of a minimum of 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2)."

7. Section 3.3(2) of the Agreement is deleted in its entirety and replaced by the following:

   "Each election to continue an Advance for a further period shall be made on one Business Day's prior notice, given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (each, an "**Election Notice**") shall be given substantially in the form of Schedule 2, shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 28 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date."

8. Section 5.1(b) of the Agreement is deleted in its entirety and replaced by the following:

"failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Oustanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2019;"

9. The address and contact information of the OPA provided in Section 7.1 of the Agreement is deleted and replaced by the following:

   If to the IESO, to it at:

   Independent Electricity System Operator
   120 Adelaide Street West, Suite 1600
   Toronto, ON M5H 1T1

   Attention: Chief Financial Officer
   Telephone: 416-969-6232
   Fascimile: 905-403-6913

10. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

11. Schedule 2 of the Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

12. Schedule 3 of the Agreement, IESO Grid Note, is deleted in its entirety and replaced by the IESO Grid Note attached hereto as Schedule 3.

IN ALL OTHER RESPECTS, the said Agreement is confirmed by the Parties.

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authorit to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authorit to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 9

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is **$**_____;
(c) The Repayment Date of the Proposed Advance is _____. [no earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 9

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("**OFA**")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [no earlier than 28 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 9

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $975,000,000 Date: November 30, 2016

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"Company"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

Name: Bruce Campbell
Title: President & CEO

By: _____

Name: Kimberly Marshall
Title: VP, Corporate Services; CFO; Treasurer

ONTARIO FINANCING AUTHORITY
LINE OF CREDIT GRID NOTE

Borrower: Independent Electricity System Operator

Program: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Nov-2016

Loan Limit: $975,000,000.00

Loan Advanced to: 21-Nov-2016

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$64,793,065.20	0.7800%	21-Dec-2016	30	$41,538.57	$64,834,603.77	$64,793,065.20	$41,538.57	21-Dec-2016	30
21-Nov-2016	$15,431,729.40	0.7800%	21-Dec-2016	30	$9,893.22	$15,441,622.62	$15,431,729.40	$9,893.22	21-Dec-2016	30

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 12, 2017 3:42:39 PM

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Harris
To: Lisa Stein; William Tan
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Tuesday, June 20, 2017 12:18:05 PM
Attachments: image001.png

Hi Lisa,

How about once you finish your mark-up, I can incorporate any outstanding changes below into it.

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, June 20, 2017 12:04 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Sarah. I didn't realize you were reviewing the agreement at the same time. Are those the only changes? I'll have to track them into my version. I've also amended the recitals.

From: Sarah Harris
Sent: Tuesday, June 20, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,
Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Carlos Yep
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 12:09:13 PM
Attachments:	image001.png

Hello Lisa,

Regarding:

"The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility".

I discussed the wording in Section 3.4 (2) with Carlos. Currently there is a system limitation that only allows Trading to select a 1 month and a 3 month cost of funds and as an operational decision not to use linear interpolation. In light of these operational limitations Carlos is of the view that the current wording in Section 3.4 (2) below is satisfactory.

Let me know if you have any additional concerns.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 20, 2017 10:31 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 12:03:43 PM
Attachments:	image001.png

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From: Sarah Harris
Sent: Tuesday, June 20, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

HI Will and Lisa,

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- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,
Sarah

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Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

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From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	William Tan; Lisa Stein
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 12:01:43 PM
Attachments:	image001.png OFHP_IESO_OFA Credit Agreement (DRAFT) v4.doc

HI Will and Lisa,

In looking at the draft Directive, I noted that the purpose of the credit facility is to provide "**short to medium** term financing related to the OFHP". Given these parameters, I thought it appropriate to remove the reference to "short-term" credit facility in the agreement, and to just call it a credit facility.

I've also made the following amendments:

- I've shortened the recitals.
- For consistency, I've gone the through the document, and added "the" in front of IESO where it was missing. I've done the same thing for "OFA."
- I've changed some reference from the "Province" to the "OFA" under section 2.9 and in the definition of Credit Facility.

Thanks,
Sarah

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Borrower

and

ONTARIO FINANCING AUTHORITY

As Lender

~~**SHORT TERM**~~
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

~~SHORT TERM~~ REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation without share capital existing under the Electricity Act, 1998 ("IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the Capital Investment Plan Act, 1993 ("OFA" and together with the IESO, the "Parties")
(the "OFA")

RECITALS:

~~**WHEREAS**~~ The IESO has requested a ~~short term~~ revolving credit facility from the OFA ~~f~~in the principal amount of up to $2,000,000,000 ~~or the purpose of its funding from the OFA~~ to support the IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017 (the "OFHP"). The OFA has agreed to provide such a revolving credit facility to the IESO on the terms and conditions set out herein.

~~**AND WHEREAS** pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;~~

~~**AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;~~

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledge), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Ddefault" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Note" means the notes of the IESO issued under this Agreement.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the

purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

~~**"Short-Term Credit Facility"** means the revolving short-term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.~~

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Commented [WT1]: Salman and Lisa, please comment if this regulation still applies?

Commented [WT2]: Comments from Lisa and Salman. This section originated from Amending Agreement 7. Reference from 25.33 may not be required. The key idea seems ensure that any loan isn't rolled over for the entire term of the agreement and limited to 12 months of rolls.

Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the ~~Short Term~~ Credit Facility outstanding shall not at any time exceed the Commitment. The ~~Short Term~~ Credit Facility shall revolve and no repayment under the ~~Short Term~~ Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the ~~Province~~ OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the ~~Province~~ OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the ~~Province~~OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to August 31, 2022.

Commented [WT3]: Lisa –
Should the last advance date be September 21, 2022 for example or one month prior ?

The current agreement is 7 days to 95 days.

According to Amending Agreement 9 of the $975 Credit Facility Agreement, Section 3.1 allows advances until November 30, 2019 with an agreement expiry of Dec 31, 2019. The min/max advancement period is 28 to 95 days.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the IESO promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and conditions of this Agreement.

Section 4.2 The IESO will Maintain its Corporate Existence.

Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify the OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by the OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a ~~d~~Default or Event of Default and for any reasonable loss or expense incurred by the OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay the principal amount of any Advance and all interest accrued thereon on the applicable Repayment Date for a period of 3 business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022 ;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

Commented [WT4]: Lisa – should we include failure to perform under 6.1 as well?

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 The -OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its

property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF THE IESO

Section 6.1 Representations and Warranties of the IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF THE IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director and Chief Investment Officer– Capital Markets Division
Telephone: (416) 325-8930
Telecopier: (416) 325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Amending Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____Name:

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Commented [SH5]: Wil: Please confirm if this s, should be the Funding Desk or Cash Management, give the new changes with OLMS..

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "Company"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the Company, all as recorded by the OFA on the grid (the "Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the Company to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the Company has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Line of Credit Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 10:31:21 AM
Attachments:	image001.png

I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original

agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

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william.tan@ofina.on.ca

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From:	William Tan
To:	Lisa Stein
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Tuesday, June 20, 2017 10:17:19 AM
Attachments:	cost of funds.docx image001.png

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Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
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$700m OPG from OEFC Same - same

OILC Short Term Credit Facility - same

OILC Long Term Credit Facility $2.5b
Section 4.5 Payment of Province Expenses.

In addition to any liability of the OILC to the Province under any other provision of this Agreement, the OILC will, on demand, reimburse and indemnify the Province for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by the Province in connection with the preservation of rights under or the enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by the Province as a result of any failure by the OILC to fulfill any of its obligations under this Agreement. All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority) calculated and payable monthly, not in advance, and in each case will be calculated from the date on which the Province incurs the cost, charge or expense until the date on which the OILC reimburses the Province therefor.

OILC Line of Credit $200m
Section 3.3 Interest on Advances.

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IESO and OFA Line of Credit $160m

Section 4.8 Payment of OEFC Expenses.

IESO will, on demand, reimburse and indemnify OEFC for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OEFC in connection with the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default. All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by OEFC) calculated and payable monthly not in advance from in each case from the date on which OEFC incurs the cost, charge or expense until the date on which IESO reimbursement OEFC therefor. OEFC agrees, acting reasonably, to invoice IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Monday, June 19, 2017 2:44:41 PM
Attachments:	image001.png
Importance:	High

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Carlos Yep
Subject:	RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date:	Wednesday, June 21, 2017 9:15:18 AM
Attachments:	image001.png

Hi William,

The answer to your question is yes. I will leave the interest rate language as is in the draft agreement – it is a reasonable description of the interest rate setting process that you have described.

Lisa

From: William Tan
Sent: Tuesday, June 20, 2017 12:09 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

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Regarding:

"The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility".

I discussed the wording in Section 3.4 (2) with Carlos. Currently there is a system limitation that only allows Trading to select a 1 month and a 3 month cost of funds and as an operational decision not to use linear interpolation. In light of these operational limitations Carlos is of the view that the current wording in Section 3.4 (2) below is satisfactory.

Let me know if you have any additional concerns.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 20, 2017 10:31 AM
To: William Tan <William.Tan@ofina.on.ca>
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I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

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william.tan@ofina.on.ca

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Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From:	Lisa Stein
To:	William Tan; John Kim; Sarah Harris
Subject:	RE: FHP Meeting
Date:	Wednesday, October 04, 2017 4:33:19 PM

That's fine with me

From: William Tan
Sent: Wednesday, October 04, 2017 4:12 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Meeting

Hello all,

Should we need to meet in the Capital Markets boardroom 10 mins before Anthony and Victor joins the call to discuss the Amending Agreement No 10, intercept provision?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Subject:	RE: FHP Meeting
Date:	Thursday, November 02, 2017 11:36:14 AM

Can we move to this to 1?

-----Original Appointment-----
From: William Tan
Sent: Thursday, November 02, 2017 11:31 AM
To: 'Victor Buza'; Anthony Martinello; Lisa Stein; Sarah Harris
Subject: FHP Meeting
When: Thursday, November 02, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom CM

Hello all,

Sorry for the short notice on the meeting to discuss FHP Credit Facility.

(416) 933-3853

Conference ID: **2406927** followed by **#**

To reach an operator during the call press *** 0**

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From: Lisa Stein
To: William Tan
Subject: RE: FHP Meeting
Date: Thursday, November 02, 2017 11:57:29 AM

I will call in

-----Original Appointment-----
From: William Tan
Sent: Thursday, November 02, 2017 11:31 AM
To: William Tan; 'Victor Buza'; Anthony Martinello; Lisa Stein; Sarah Harris
Subject: FHP Meeting
When: Thursday, November 02, 2017 12:00 PM-1:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom CM

Hello all,

Sorry for the short notice on the meeting to discuss FHP Credit Facility.

(416) 933-3853

Conference ID: **2406927** followed by **#**

To reach an operator during the call press *** 0**

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From:	Victor Buza
To:	Lisa Stein; Sarah Harris
Cc:	Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Final (ish)
Date:	Wednesday, November 01, 2017 5:58:16 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v8. IESO Comment Nov 1 6pm.docx

Ok, I think we may be there on the FHP credit agreement. See attached.

I have accepted all changes and only made one minor change, that being to the definition of OFHP, which I conformed with the version of the definition in AA#10. That is the only track change you should find in this document.

FYI I also hit return and deleted spaces in a few places in an effort to regularize the formatting, but feel free to make further formatting changes as required.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 4:01 PM
To: Victor Buza; Sarah Harris
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Victor,

Yes, all other changes to the Agreement are acceptable.

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 3:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Thanks Lisa – good catch.

Can I assume that, apart from that change, all the other changes are acceptable to OFA? I'd like to go through the Agreement accepting whatever tracked changes I can and see if anything is left of if it is now done.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 3:19 PM
To: Sarah Harris; Victor Buza
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Victor,

Upon further review, I note an additional minor change to this agreement:

s. 3.3(2)(d) – please replace "ENERGY" with "the Ministry of Energy", as "ENERGY" is not a defined term in this agreement.

Thank you,

Lisa

From: Sarah Harris
Sent: Wednesday, November 01, 2017 2:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hello Victor,

Lisa is in a meeting until 3 p.m.., so I am forwarding our comments on the FHP agreement on her behalf.

We have made a minor change to section 3.2(3) - specifically, we deleted the language "and shall also be noted in the grid of the Grid Note" following "The amount of the Repayment Amount shall be detailed in the Borrowing Notice." This is because the Repayment Amount ($825M) is not the first entry on the FHP Grid; the first entry will be for the entire advance of approximately $1B ($825M + new funds). Anthony and Will just had a call to discuss the particulars of what the various grid notes under the existing facility and new facility will be on November 21st (including partial repayment of the outstanding $840M loan) and Anthony will be circulating an e-mail summarizing that conversation. The Effective Date of the amending agreement to reduce the existing facility will also be November 21st, not November 22nd.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….". It looks, in practice, that the intercept letter will be executed prior to these two facility agreements, so we surmise this would not be an issue.

We received your most recent draft of the amending agreement. Lisa will be able to review once she is out of her meeting, after 3 p.m.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; John Kim
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 12:29:30 PM

No concerns. Thanks.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 1, 2017 12:24 PM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Tan, William (OFA); Kim, John (OFA)
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

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Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 1, 2017 10:16 AM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Tan, William (OFA); Kim, John (OFA)
Subject: FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Importance: High

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Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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To: Tobias P. Whitfield (MOF)
Cc: Sarah Harris; William Tan; John Kim
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date: Wednesday, November 01, 2017 12:24:26 PM

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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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To:	Lisa Stein
Cc:	Sarah Harris; William Tan; John Kim
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 12:19:13 PM

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Tobias Whitfield
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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Cc:	Sarah Harris; William Tan; John Kim; Anthony Martinello
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Tuesday, October 31, 2017 5:49:25 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v7 IESO Comments Oct 31.docx

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November~~October~~ ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) ~~For the purposes of~~Respecting the first Advance to be made under this Agreement (the "**First Advance**"), ~~the purpose of which shall include the repayment of a~~ specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the c~~C~~redit a~~A~~greement between the Parties dated January 1, 2005, as amended~~,~~ (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance, and ~~the IESO and the OFA agree that a specified portion of the entry of the First Advance~~ shall also be noted on the grid of the Grid Note. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the~~, as indicated in the Borrowing~~

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~~Notice, shall constitute a~~ repayment ~~under the Existing Credit Facility~~of the Repayment Amount thereunder.~~.~~

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder

Commented [LS2]: Once confirmed, will track language in AA#10 as well.

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Commented [LS3]: Assumes letter signed on same date as agreement

and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

~~(c)~~(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

~~(d)~~(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS4]: Okay; tracked language in AA#10

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the

matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]**~~October (·), 2017~~ as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Sarah Harris
To: Lisa Stein
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7
Date: Tuesday, October 31, 2017 9:35:21 AM

Thank you very much, Lisa for getting this out to Victor last night!

Sarah

From: Lisa Stein
Sent: Monday, October 30, 2017 4:19 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; John Kim; Anthony Martinello
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7
Date:	Tuesday, October 31, 2017 9:20:51 AM

Thank you Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 5:34 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Thanks Lisa. I will discuss with Anthony tomorrow morning and get back with any comments.

Just quickly on the Intercept Letter language, in my draft I left out the notion of the Agreement terms prevailing in case of a conflict because I thought the Intercept Letter was actually the more detailed and extensive. However, I will have another look to see if I can manage this issue – one way would be for me to add more language from the letter directly into the Credit Agreement.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

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Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority

416-325-2320

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From:	Victor Buza
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; John Kim; Anthony Martinello
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7
Date:	Monday, October 30, 2017 5:33:35 PM

Thanks Lisa. I will discuss with Anthony tomorrow morning and get back with any comments.

Just quickly on the Intercept Letter language, in my draft I left out the notion of the Agreement terms prevailing in case of a conflict because I thought the Intercept Letter was actually the more detailed and extensive. However, I will have another look to see if I can manage this issue – one way would be for me to add more language from the letter directly into the Credit Agreement.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

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Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx
Date:	Monday, October 30, 2017 3:46:30 PM

Thank you!

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, October 30, 2017 3:31 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

Attached with updated definitions section. I thought about making a new section, but realized I didn't want to make trouble for any cross references!

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: October 30, 2017 3:25 PM
To: Stein, Lisa (OFA)
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

Attached

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 11:19 AM
To: Whitfield, Tobias P. (MOF)
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

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From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx
Date:	Monday, October 30, 2017 3:31:13 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 MOF Comments.docx

Attached with updated definitions section. I thought about making a new section, but realized I didn't want to make trouble for any cross references!

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: October 30, 2017 3:25 PM
To: Stein, Lisa (OFA)
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

Attached

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 11:19 AM
To: Whitfield, Tobias P. (MOF)
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

~~(2)~~(3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall be to repay the IESO's outstanding indebtedness to the OFA under the [CREDIT FACILITY NAME] dated [XX XX, XXXX] (the "Existing Credit Facility") the IESO and OFA agree the entry of the First Advance on the Grid Note shall constitute a repayment under the Existing Credit Facility in an amount equal to the amount of the First Advance.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a

further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as

determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Re~~P~~payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent

permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date ~~,~~ herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

Commented [LS1]: Once confirmed, will track language in AA#10 as well.

Commented [LS2]: Assumes letter signed on same date as agreement

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inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS3]: Okay; tracked language in AA#10

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.~~9~~8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx
Date:	Monday, October 30, 2017 3:25:34 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 MOF Comments.docx

Attached

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 11:19 AM
To: Whitfield, Tobias P. (MOF)
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v6 OFA Legal comments.docx

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

~~(2)~~(3) For the purposes of the first Advance to be made under this Agreement (the "**First Advance**"), the purpose of which shall be to repay the IESO's outstanding indebtedness to the OFA under the [CREDIT FACILITY NAME] dated [XX XX, XXXX] (the "Existing Credit Facility") the IESO and OFA agree the entry of the First Advance on the Grid Note shall constitute a repayment under the Existing Credit Facility in an amount equal to the amount of the First Advance.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a

further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as

determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Re~~P~~payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such

Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent

permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date ~~,~~ herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness ~~when due~~ under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing ~~under this Agreement~~hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

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inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator

120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS3]: Okay; tracked language in AA#10

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.~~9~~8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"; Sarah Harris
Cc:	Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 4:00:59 PM

Hi Victor,

Yes, all other changes to the Agreement are acceptable.

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 3:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Thanks Lisa – good catch.

Can I assume that, apart from that change, all the other changes are acceptable to OFA? I'd like to go through the Agreement accepting whatever tracked changes I can and see if anything is left of if it is now done.

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Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

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Upon further review, I note an additional minor change to this agreement:

s. 3.3(2)(d) – please replace "ENERGY" with "the Ministry of Energy", as "ENERGY" is not a defined term in this agreement.

Thank you,

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To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

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In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….". It looks, in practice, that the intercept letter will be executed prior to these two facility agreements, so we surmise this would not be an issue.

We received your most recent draft of the amending agreement. Lisa will be able to review once she is out of her meeting, after 3 p.m.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

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Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

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Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority

416-325-2320

****
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Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 3:30:05 PM

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Cc:	Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
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From:	Sarah Harris
To:	"Victor Buza"
Cc:	Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); Lisa Stein; William Tan
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 2:07:03 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v8.. .docx

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Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November~~October~~ ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) ~~For the purposes of~~Respecting the first Advance to be made under this Agreement (the "**First Advance**"), ~~the purpose of which shall include the repayment of~~ a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the c~~C~~redit a~~A~~greement between the Parties dated January 1, 2005, as amended~~,~~ (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. ~~, and the IESO and the OFA agree that a specified portion of the entry of the First Advance shall also be noted on the grid of the Grid Note~~. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the~~, as indicated in the Borrowing~~

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~~Notice, shall constitute a~~ repayment ~~under the Existing Credit Facility~~of the Repayment Amount thereunder.~~.~~

Commented [LS1]: NTD: To be included the "Use of Funds" section

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Formatted: List Paragraph

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder

Commented [LS2]: Once confirmed, will track language in AA#10 as well.

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Commented [LS3]: Assumes letter signed on same date as agreement

and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

~~(c)~~(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

~~(d)~~(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

Commented [LS4]: Okay; tracked language in AA#10

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the

matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]**~~October (·), 2017~~ as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

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This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	John Kim
To:	Lisa Stein; Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 1:39:35 PM

I agree that most likely the letter will get executed first. Also, it's going to IESO last….meaning they can sign in sequence the letter agreement and the facilities agreement but we wouldn't know which got done first!

From: Lisa Stein
Sent: Wednesday, November 01, 2017 1:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

No further comments from me.

From: Sarah Harris
Sent: Wednesday, November 01, 2017 1:05 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi John and Lisa,

In relation to Lisa's comment below "In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….", I think it looks like the IESO letter is going to be executed prior to the execution (John, correct me if I wrong about my timing assumption) of the two credit facilities, so I don't think IESO would have any issues with this change.

We are trying to touch base with Anthony to confirm the specific operational details outstanding from yesterday's call, but the wording in 3.2(3) now aligns with the OFA processes and addresses Anthony's concerns about evidencing repayment.

I suggest that the draft be sent over to Victor, unless anyone has any final comments.

Thanks,
Sarah

From: Lisa Stein
Sent: Wednesday, November 01, 2017 10:16 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Importance: High

Hi Toby,

What are your thoughts on the IESO's amendment to s. 3.2(3)? I believe it reflects the discussion from our conference call yesterday.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….".

Subject to any comments from documentation and CEFD, I am okay with the IESO's other proposed amendments.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	Sarah Harris; John Kim
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 1:28:11 PM

No further comments from me.

From: Sarah Harris
Sent: Wednesday, November 01, 2017 1:05 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi John and Lisa,

In relation to Lisa's comment below "In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….", I think it looks like the IESO letter is going to be executed prior to the execution (John, correct me if I wrong about my timing assumption) of the two credit facilities, so I don't think IESO would have any issues with this change.

We are trying to touch base with Anthony to confirm the specific operational details outstanding from yesterday's call, but the wording in 3.2(3) now aligns with the OFA processes and addresses Anthony's concerns about evidencing repayment.

I suggest that the draft be sent over to Victor, unless anyone has any final comments.

Thanks,
Sarah

From: Lisa Stein
Sent: Wednesday, November 01, 2017 10:16 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Importance: High

Hi Toby,

What are your thoughts on the IESO's amendment to s. 3.2(3)? I believe it reflects the discussion

from our conference call yesterday.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….".

Subject to any comments from documentation and CEFD, I am okay with the IESO's other proposed amendments.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Cc:	Sarah Harris; William Tan; John Kim
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date:	Wednesday, November 01, 2017 1:27:58 PM

Thank you!

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, November 01, 2017 12:29 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

No concerns. Thanks.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 1, 2017 12:24 PM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Tan, William (OFA); Kim, John (OFA)
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Toby,

I've just had a meeting with Sarah H. and we further tweaked the language in s. 3.2(3) to reflect the OFA's operational process – specifically, we deleted the language "and shall also be noted in the grid of the Grid Note" following "The amount of the Repayment Amount shall be detailed in the Borrowing Notice." Do you have any concerns with this deletion? I think it works as the newly added last sentence addresses the IESO's concerns regarding the evidencing of the repayment.

> Revised draft:
> Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to the IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Thanks,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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Sent: Wednesday, November 01, 2017 12:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Lisa – the amendments to s. 3.2(3) are fine with me.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 1, 2017 10:16 AM
To: Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA); Tan, William (OFA); Kim, John (OFA)
Subject: FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Importance: High

Hi Toby,

What are your thoughts on the IESO's amendment to s. 3.2(3)? I believe it reflects the discussion from our conference call yesterday.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….".

Subject to any comments from documentation and CEFD, I am okay with the IESO's other proposed amendments.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

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Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim

Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
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From: Sarah Harris
To: Lisa Stein; John Kim
Cc: William Tan; Tobias P. Whitfield (MOF)
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Date: Wednesday, November 01, 2017 1:05:18 PM

Hi John and Lisa,

In relation to Lisa's comment below "In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….", I think it looks like the IESO letter is going to be executed prior to the execution (John, correct me if I wrong about my timing assumption) of the two credit facilities, so I don't think IESO would have any issues with this change.

We are trying to touch base with Anthony to confirm the specific operational details outstanding from yesterday's call, but the wording in 3.2(3) now aligns with the OFA processes and addresses Anthony's concerns about evidencing repayment.

I suggest that the draft be sent over to Victor, unless anyone has any final comments.

Thanks,
Sarah

From: Lisa Stein
Sent: Wednesday, November 01, 2017 10:16 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31
Importance: High

Hi Toby,

What are your thoughts on the IESO's amendment to s. 3.2(3)? I believe it reflects the discussion from our conference call yesterday.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….".

Subject to any comments from documentation and CEFD, I am okay with the IESO's other proposed amendments.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM

To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	"Victor Buza"; Sarah Harris
Cc:	Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: FHP Revolving Credit Facility Agreement 2017-2022 Final (ish)
Date:	Thursday, November 02, 2017 11:05:27 AM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v9 Nov 2.docx

Great, I think we are there too. I've made one further change to the definition of OFHP, adding in the full citation (see attached). If no one has any further comments, we will prepare an execution version (and make further formatting changes if required).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 5:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Final (ish)

Ok, I think we may be there on the FHP credit agreement. See attached.

I have accepted all changes and only made one minor change, that being to the definition of OFHP, which I conformed with the version of the definition in AA#10. That is the only track change you should find in this document.

FYI I also hit return and deleted spaces in a few places in an effort to regularize the formatting, but feel free to make further formatting changes as required.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 4:01 PM
To: Victor Buza; Sarah Harris
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan

Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Victor,

Yes, all other changes to the Agreement are acceptable.

Thanks,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 01, 2017 3:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Thanks Lisa – good catch.

Can I assume that, apart from that change, all the other changes are acceptable to OFA? I'd like to go through the Agreement accepting whatever tracked changes I can and see if anything is left of if it is now done.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 3:19 PM
To: Sarah Harris; Victor Buza
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hi Victor,

Upon further review, I note an additional minor change to this agreement:

s. 3.3(2)(d) – please replace "ENERGY" with "the Ministry of Energy", as "ENERGY" is not a defined term in this agreement.

Thank you,

Lisa

From: Sarah Harris
Sent: Wednesday, November 01, 2017 2:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>

Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hello Victor,

Lisa is in a meeting until 3 p.m.., so I am forwarding our comments on the FHP agreement on her behalf.

We have made a minor change to section 3.2(3) - specifically, we deleted the language "and shall also be noted in the grid of the Grid Note" following "The amount of the Repayment Amount shall be detailed in the Borrowing Notice." This is because the Repayment Amount ($825M) is not the first entry on the FHP Grid; the first entry will be for the entire advance of approximately $1B ($825M + new funds). Anthony and Will just had a call to discuss the particulars of what the various grid notes under the existing facility and new facility will be on November 21st (including partial repayment of the outstanding $840M loan) and Anthony will be circulating an e-mail summarizing that conversation. The Effective Date of the amending agreement to reduce the existing facility will also be November 21st, not November 22nd.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….". It looks, in practice, that the intercept letter will be executed prior to these two facility agreements, so we surmise this would not be an issue.

We received your most recent draft of the amending agreement. Lisa will be able to review once she is out of her meeting, after 3 p.m.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Victor

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Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

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"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Caroline Swerdlyk
To:	William Tan; Sarah Harris; Sarah Neville
Cc:	Lisa Stein
Subject:	RE: FHP Revolving Credit Facility Agreement Execution version
Date:	Friday, September 01, 2017 1:09:30 PM

Hi Will,
Did you make any changes to the document, other than replacing the table in Schedule 3? If that's the case, then I don't think that I need to review it again.
Caroline

From: William Tan
Sent: Friday, September 01, 2017 1:02 PM
To: Caroline Swerdlyk ; Sarah Harris ; Sarah Neville
Cc: Lisa Stein
Subject: RE: FHP Revolving Credit Facility Agreement Execution version
Hi Caroline,
I agree with your changes.
I have updated the Schedule 3, Grid Note.
Please review and comment. Once your review is completed, I will prepare a clean version and blackline it against the last version that was sent to IESO.
Thanks,
Will

From: Caroline Swerdlyk
Sent: Friday, September 01, 2017 12:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement Execution version
Hi Will,
I made a few clean-ups in the attached (e.g. date of agreement changed from August to September on the first 2 pages and in the Schedules, fixed a cross-reference in s. 5.1(g), fixed Mike Manning's title in s. 7.1 Notices and the signature line).
Please confirm the form of Grid Note in Schedule 3 is correct.
As discussed, I don't think you should call the document the execution version until it is finalized with the date etc.
Once internal OFA review is completed – please prepare a clean version and a blackline against the last version that was sent to the IESO.
Thanks,
Caroline

From: William Tan
Sent: Friday, September 01, 2017 10:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Revolving Credit Facility Agreement Execution version

Hello all,

Please review and provide comments if you have any. The only change to this was Mike's title change. May I ask you to review this this morning?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Caroline Swerdlyk; Sarah Harris; Sarah Neville
Cc:	Lisa Stein
Subject:	RE: FHP Revolving Credit Facility Agreement Execution version
Date:	Friday, September 01, 2017 1:01:57 PM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup)v4.docx

Hi Caroline,
I agree with your changes.
I have updated the Schedule 3, Grid Note.
Please review and comment. Once your review is completed, I will prepare a clean version and blackline it against the last version that was sent to IESO.
Thanks,
Will

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Sent: Friday, September 01, 2017 12:08 PM
To: William Tan ; Sarah Harris ; Sarah Neville
Cc: Lisa Stein
Subject: RE: FHP Revolving Credit Facility Agreement Execution version
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I made a few clean-ups in the attached (e.g. date of agreement changed from August to September on the first 2 pages and in the Schedules, fixed a cross-reference in s. 5.1(g), fixed Mike Manning's title in s. 7.1 Notices and the signature line).
Please confirm the form of Grid Note in Schedule 3 is correct.
As discussed, I don't think you should call the document the execution version until it is finalized with the date etc.
Once internal OFA review is completed – please prepare a clean version and a blackline against the last version that was sent to the IESO.
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Caroline

From: William Tan
Sent: Friday, September 01, 2017 10:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Revolving Credit Facility Agreement Execution version
Hello all,
Please review and provide comments if you have any. The only change to this was Mike's title change. May I ask you to review this this morning?
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of ~~August~~September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (~~hg~~)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director—& Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated ~~August~~September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
	Total Principal Advanced									

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:
Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Caroline Swerdlyk
To: William Tan; Sarah Harris; Sarah Neville
Cc: Lisa Stein
Subject: RE: FHP Revolving Credit Facility Agreement Execution version
Date: Friday, September 01, 2017 12:08:26 PM
Attachments: FHP Revolving Credit Facility Agreement 2017-2022 EXECUTION VERSION (markup).docx

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Hi Will,

I made a few clean-ups in the attached (e.g. date of agreement changed from August to September on the first 2 pages and in the Schedules, fixed a cross-reference in s. 5.1(g), fixed Mike Manning's title in s. 7.1 Notices and the signature line).

Please confirm the form of Grid Note in Schedule 3 is correct.

As discussed, I don't think you should call the document the execution version until it is finalized with the date etc.

Once internal OFA review is completed – please prepare a clean version and a blackline against the last version that was sent to the IESO.

Thanks,

Caroline

From: William Tan
Sent: Friday, September 01, 2017 10:37 AM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk
Cc: Lisa Stein
Subject: FHP Revolving Credit Facility Agreement Execution version

Hello all,

Please review and provide comments if you have any. The only change to this was Mike's title change. May I ask you to review this this morning?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: ~~August~~ September (·), 2017

Commented [CS1]: This needs to be filled in for the "Execution version"

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of ~~August~~ September 2017,

Commented [CS2]: This needs to be filled in for the "Execution version"

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (gh)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise

of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director~~;~~ & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~ September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated ~~August~~ September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated ~~August~~ September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
	Total Principal Advanced									

Commented [CS3]: Please confirm this is the correct form of Grid Note.

Note: the Form of Grid Note in AA No. 10 doesn't have a "Total Principal Advanced" box

From:	William Tan
To:	Caroline Swerdlyk; Sarah Harris; Sarah Neville
Cc:	Lisa Stein
Subject:	RE: FHP Revolving Credit Facility Agreement Execution version
Date:	Friday, September 01, 2017 1:10:45 PM

Hi Caroline,
That's right, I only added only Schedule 3.

From: Caroline Swerdlyk
Sent: Friday, September 01, 2017 1:09 PM
To: William Tan ; Sarah Harris ; Sarah Neville
Cc: Lisa Stein
Subject: RE: FHP Revolving Credit Facility Agreement Execution version

Hi Will,
Did you make any changes to the document, other than replacing the table in Schedule 3? If that's the case, then I don't think that I need to review it again.
Caroline

From: William Tan
Sent: Friday, September 01, 2017 1:02 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement Execution version

Hi Caroline,
I agree with your changes.
I have updated the Schedule 3, Grid Note.
Please review and comment. Once your review is completed, I will prepare a clean version and blackline it against the last version that was sent to IESO.
Thanks,
Will

From: Caroline Swerdlyk
Sent: Friday, September 01, 2017 12:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP Revolving Credit Facility Agreement Execution version

Hi Will,
I made a few clean-ups in the attached (e.g. date of agreement changed from August to September on the first 2 pages and in the Schedules, fixed a cross-reference in s. 5.1(g), fixed Mike Manning's title in s. 7.1 Notices and the signature line).
Please confirm the form of Grid Note in Schedule 3 is correct.
As discussed, I don't think you should call the document the execution version until it is finalized with the date etc.
Once internal OFA review is completed – please prepare a clean version and a blackline against the last version that was sent to the IESO.

Thanks,
Caroline

From: William Tan
Sent: Friday, September 01, 2017 10:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Revolving Credit Facility Agreement Execution version

Hello all,

Please review and provide comments if you have any. The only change to this was Mike's title change. May I ask you to review this this morning?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: John Kim
To: William Tan; Carlos Yep; Risa Thau; Alfonso Soriano
Cc: Sarah Harris; Lisa Stein; Sarah Neville
Subject: RE: FHP Status Update
Date: Friday, October 13, 2017 5:38:05 PM

Hi William,

Thanks for the update. I would ask that in all interaction with IESO, we impress that they need to provide a response on the letter agreement that is required under the OFA's lending policy. Without a resolution on the intercept, there would be no $2bn facility to draw upon for the IESO.

Thanks,

John

From: William Tan
Sent: Friday, October 13, 2017 5:19 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP Status Update

Hello All,

This is to provide a status update for the existing $975 million OFA IESO Credit Facility (to be reduced to $475 million) and new $2 Billion FHP Credit Facility agreements. The agreements will be executed immediately after certain approvals have been made.

Currently, FHP related advances are being drawn on the existing $975 million OFA IESO Credit Facility. Once the agreements are in place, the intention is to have IESO draw primarily from the new $2 Billion FHP Credit Facility and reduce the existing $975 million OFA IESO Credit Facility down to the $475 million.

According to IESO the next draw will occur on October 20, for $840 million (outstanding loan + new advance).

The amount for the subsequent draw on November 21, is currently unknown but is expected to exceed the existing $975 million OFA IESO Credit Facility limit.

Assuming the $2 Billion FHP Credit Facility agreement is signed before November 21, we are considering two options for the November 21 advances:

(1) IESO will submit a borrowing notice for the November draw to be drawn entirely from the $2 Billion FHP Credit Facility.

Or

(2) IESO will submit a borrowing notice to draw a portion from the $2 Billion FHP Credit Facility in combination with an election notice to draw a portion of the remaining outstanding amount to allow for the existing OFA IESO Credit Facility to be reduced to a level below $475 million.

I will be consulting with IESO to determine which of these options will be chosen and will advise as to the option selected. I understand these facilities will need to be updated in OLMS. I am providing this information to all parties so that they may determine what arrangements are necessary in this regard.

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Subject:	RE: FHP agreement and intercept letter
Date:	Tuesday, February 06, 2018 9:28:03 AM

Please ask someone to send it today, thank you.

From: William Tan
Sent: Tuesday, February 06, 2018 9:24 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP agreement and intercept letter

Good morning Lisa,

I am WFH today. May I send it to you tomorrow? If its urgent I can get another colleague to pull the file and scan it to you.

Thanks,

Will

From: Lisa Stein
Sent: Monday, February 05, 2018 4:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FHP agreement and intercept letter

Hi Will,

When you have a chance, can you please send me electronic copies of the above two signed agreements for my file?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: William Tan
To: Lisa Stein
Subject: RE: FHP agreement and intercept letter
Date: Tuesday, February 06, 2018 9:24:09 AM

Good morning Lisa,

I am WFH today. May I send it to you tomorrow? If its urgent I can get another colleague to pull the file and scan it to you.

Thanks,

Will

From: Lisa Stein
Sent: Monday, February 05, 2018 4:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: FHP agreement and intercept letter

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****

From:	Lisa Stein
To:	William Tan
Subject:	RE: FHP agreement and intercept letter
Date:	Tuesday, February 06, 2018 11:51:39 AM

Thank you Will!

From: William Tan
Sent: Tuesday, February 06, 2018 11:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: FHP agreement and intercept letter

Hello Lisa,

Please find the attached counter signed FHP Agreements and the Intercept Letter. Sorry for the confusion with Sarah.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, February 06, 2018 9:28 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP agreement and intercept letter

Please ask someone to send it today, thank you.

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Sent: Tuesday, February 06, 2018 9:24 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP agreement and intercept letter

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****

From:	Sarah Harris
To:	Lisa Stein
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 11:02:35 AM

Thanks, Lisa.

From: Lisa Stein
Sent: Monday, August 21, 2017 11:02 AM
To: Sarah Harris ; William Tan
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Yes, I think this sounds reasonable in the circumstances, especially as the execution dates will (likely) be rather close.

From: Sarah Harris
Sent: Monday, August 21, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Hi Lisa,

Yes, that is usually the approach we strive for, especially for external counterparties.

We have more flexibility with public bodies, so I have shown more flexibility there, depending on the circumstances (we tend to be a little more flexible, for example, with IO). For IESO, dating the cert prior to the execution date is fine with me, if that works for you.

Sarah

From: Lisa Stein
Sent: Monday, August 21, 2017 10:53 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Hi Sarah,

I think the resolution should be executed prior to the execution of the agreements, whether on the same date or a prior date. Are you saying that for provincial agreements the certificates are dated the same date? Is this to ensure that they have not been superceded?

Lisa

From: Sarah Harris
Sent: Monday, August 21, 2017 10:37 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Will,

I think you can note to Anthony that you saw an extra 'whereas' in their excerpt of the board resolution - that you're not sure if it was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.

Lisa – Does OFA Legal usually require such certificate to be dated the date of execution of the agreements? We usually require that for our Provincial agreements, but not sure if this is something

OFA Legal would require for this OFA agreement with IESO.
Thanks,
Sarah

From: Lisa Stein
Sent: Monday, August 21, 2017 10:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

I don't think we should be "editing" their resolution….

From: William Tan
Sent: Monday, August 21, 2017 10:24 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Good morning Victor,
Please find the attached Resolution of the Board of Directors with minor edits. No comments on the Incumbency Certificate.
Thanks,
Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, August 18, 2017 5:23 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Understood Will. Thanks.
FYI, I was under the impression that we had forwarded

(i) the form of extract of board resolution and
(ii) the form of incumbency certificate

for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,

Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:

Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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To:	Sarah Harris; William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 11:02:10 AM

Yes, I think this sounds reasonable in the circumstances, especially as the execution dates will (likely) be rather close.

From: Sarah Harris
Sent: Monday, August 21, 2017 10:58 AM
To: Lisa Stein ; William Tan
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Hi Lisa,

Yes, that is usually the approach we strive for, especially for external counterparties.

We have more flexibility with public bodies, so I have shown more flexibility there, depending on the circumstances (we tend to be a little more flexible, for example, with IO). For IESO, dating the cert prior to the execution date is fine with me, if that works for you.

Sarah

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Sent: Monday, August 21, 2017 10:53 AM
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Sarah

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Cc: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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FHP Credit Facility

Resolution of the Board of Directors.

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Thanks,

Best regards,

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Capital Markets Division | Ontario Financing Authority
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Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Sarah Harris
To:	Lisa Stein; William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:58:12 AM

Hi Lisa,
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Cc: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate

Good morning Victor,

Please find the attached Resolution of the Board of Directors with minor edits. No comments on the Incumbency Certificate.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, August 18, 2017 5:23 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

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From: William Tan [mailto:William.Tan@ofina.on.ca]
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To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
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Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:53:15 AM

Hi Sarah,
I think the resolution should be executed prior to the execution of the agreements, whether on the same date or a prior date. Are you saying that for provincial agreements the certificates are dated the same date? Is this to ensure that they have not been superceded?
Lisa

From: Sarah Harris
Sent: Monday, August 21, 2017 10:37 AM
To: Lisa Stein ; William Tan
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Will,
I think you can note to Anthony that you saw an extra 'whereas' in their excerpt of the board resolution - that you're not sure if it was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
Lisa – Does OFA Legal usually require such certificate to be dated the date of execution of the agreements? We usually require that for our Provincial agreements, but not sure if this is something OFA Legal would require for this OFA agreement with IESO.
Thanks,
Sarah

From: Lisa Stein
Sent: Monday, August 21, 2017 10:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
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From:	Sarah Harris
To:	Lisa Stein; William Tan
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:37:17 AM

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 10:25:22 AM

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To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: FHP and Amending Agreement 10 - Resolution of the Board of Directors and Incumbency Certificate
Date:	Monday, August 21, 2017 12:42:25 PM

Hello Anthony and Victor,
Just a quick follow-up on my last e-mail.
My apologies - I don't want to appear as though I am 'editing' your excerpt of your board resolution.
I just noted that an extra 4th 'and whereas' in the excerpt; I'm not sure if that was a typo in transcribing the resolution to this certificate, but the form of the certificate itself looks fine.
We look forward to any questions or comments on the most recent drafts of either of the agreements and I remain available for any questions.
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Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,
My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	Lisa Stein
Subject:	RE: FHP and Amending Agreement No. 10 - Order of Events
Date:	Friday, October 27, 2017 4:50:56 PM

Thank you Lisa!

From: Lisa Stein
Sent: Friday, October 27, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP and Amending Agreement No. 10 - Order of Events

Please see below. I've highlighted my proposed changes and comments.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From: William Tan
Sent: Friday, October 27, 2017 2:27 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP and Amending Agreement No. 10 - Order of Events

Hi Lisa,

I have included mention of the letter agreement and removed the term semi-executed. Business process aside, do you mind reviewing this before to IESO?

Thanks,

Will

Hello Anthony and Victor,

Pending the execution of the intercept letter agreement next week, we can certainly target executing the FHP credit facility at that same time, however, we propose holding off the ~~executing~~ execution of the amending agreement until November 22nd at the earliest (?).

Currently there is $840M outstanding under the existing credit facility agreement; we cannot reduce the limit of the $975M to $475M while the $840M is still outstanding. As per our discussion with Anthony, we understand that it is IESO's intention that the next draw for the whole balance of $840M (plus any new funding)[Will we allow for new funding; delete?] will be entirely funded through the new FHP facility (i.e. that is move all funding for next draw on November 21st from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility).

-

In order to achieve this with least disruption we propose:

- Sign the FHP Credit Facility agreement first next week (assuming intercept letter will be signed prior to or at the same time).
- For next advance, Prior to November 21st funding date, IESO sends to the OFA the FHP Borrowing Notice under the new Facility specifying the amount of the next advance ($840 million + new advance).
- Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st and OFA will fund the November 21st advance (whereby OFA will send any net difference of funds above the $840M to IESO) under the new Facility.
- Arrange to execute Amending Agreement No. 10~~, on November 22~~ to reduce the existing credit facility on $475M.

Please provide you thoughts if this is suitable.

From: Lisa Stein
Sent: Friday, October 27, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP and Amending Agreement No. 10 - Order of Events

The details regarding the credit facility/moving funds/amounts are business matters. In terms of the legal details, what do you mean by "semi-executed"? The letter agreement needs to be executed first and it is not mentioned here.

From: William Tan
Sent: Friday, October 27, 2017 10:42 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP and Amending Agreement No. 10 - Order of Events

Hello Lisa,

Please review if you agree with the order of events so we may streamline the execution process with IESO.

Thanks,

Hello Anthony and Victor,

As per our discussion with Anthony, the entire balance of $840 million will be moved from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility. Currently we cannot reduce the existing $975 million limit under the facility while $840 million is still outstanding under it.

We propose to signing the FHP Credit Facility agreement first on November 1st and receiving the FHP Borrowing Notice to advance ($840 million + new advance) on November 16. Allow the $840 million outstanding under the existing $975 million Credit Facility to mature on November 21st . Sign the semi-executed Amending Agreement No. 10 on November 16 to reduced the existing credit facility on November 22nd.

Please provide you thoughts is this is suitable.

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: FHP and Amending Agreement No. 10 - Order of Events
Date: Friday, October 27, 2017 3:08:15 PM

Please see below. I've highlighted my proposed changes and comments.

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
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From: William Tan
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Please provide you thoughts is this is suitable.

Will Tan| *Documentation & Analysis Specialist*
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william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP and Amending Agreement No. 10 - Order of Events
Date:	Friday, October 27, 2017 10:46:54 AM

The details regarding the credit facility/moving funds/amounts are business matters. In terms of the legal details, what do you mean by "semi-executed"? The letter agreement needs to be executed first and it is not mentioned here.

From: William Tan
Sent: Friday, October 27, 2017 10:42 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP and Amending Agreement No. 10 - Order of Events

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From: Anthony Martinello
To: William Tan; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: FHP and Amending Agreement No. 10 - Order of Events
Date: Monday, October 30, 2017 9:09:23 AM

Why not sign all docs on the same day this week including:
-intercept letter
-$2B facility
-the $975M non-rollover notice (this would confirm that in mid-Nov IESO will not rollover the $825M (the RRRP will continue to rollover with this facility) due on Nov 21)
-issue a rollover notice for $2B facility to say the $825M is being rolled over – note that I will need to borrow another approx. $225M too
-the AA # 10

This way all is in place by this week's end. Let me know or call me to discuss 905-403-6944.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 27, 2017 5:05 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FHP and Amending Agreement No. 10 - Order of Events

Hello Anthony and Victor,

Pending the execution of the intercept letter agreement next week, we can certainly target executing the FHP credit facility at that same time, however, we propose holding off the execution of the amending agreement until November 22nd .

Currently there is $840M outstanding under the existing credit facility agreement; we cannot reduce the limit of the $975M to $475M while the $840M is still outstanding. As per our discussion with Anthony, we understand that it is IESO's intention that the next draw for the whole balance of $840M (plus any new advancement) will be entirely funded through the new FHP facility (i.e. that is move all funding for next draw on November 21st from the existing $975 million Credit Facility to the $2 Billion FHP Credit Facility).

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Please provide your thoughts if this is suitable.

Best regards,

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From: Lisa Stein
To: William Tan
Subject: RE: FHP and Amending Agreement No. 10 update
Date: Wednesday, September 06, 2017 11:02:19 AM

Thanks for the update

From: William Tan
Sent: Wednesday, September 06, 2017 10:59 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FHP and Amending Agreement No. 10 update

Good morning,

I have spoken to Anthony (IESO) this morning. He is pleased with the agreements so far and will be providing me with a status update on them this afternoon. He expects to have the agreements signed by Friday (subject to the directive getting signed). Anthony will be providing a status update to Moody's on Friday regardless of the outcome.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	John Kim
To:	William Tan; Sarah Harris; Lisa Stein; Caroline Swerdlyk; Sarah Neville; Bruno Amara
Subject:	RE: FHP and Amending Agreement No. 10 update
Date:	Wednesday, September 06, 2017 2:54:35 PM

Hi William,

I don't expect the OFA will move forward without a signed directive. Minister's flight was delayed today. I expect him to address this fairly soon after his return.

Thanks,

John

From: William Tan
Sent: Wednesday, September 06, 2017 10:59 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FHP and Amending Agreement No. 10 update

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From: Victor Buza
To: Lisa Stein
Subject: RE: FHP credit facility agreement - further amendments
Date: Wednesday, August 02, 2017 10:38:23 AM

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
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From: Lisa Stein
To: "Victor Buza"
Subject: RE: FHP credit facility agreement - further amendments
Date: Tuesday, August 01, 2017 11:29:01 AM

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Subject: RE: FHP credit facility agreement - further amendments
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From: Lisa Stein
To: "Victor Buza"
Cc: William Tan; Sarah Harris; Jean-Francois Beaupre
Subject: RE: FHP credit facility agreement - further amendments
Date: Wednesday, August 02, 2017 2:27:39 PM

Hi Victor,

We are okay with this practice and will include a note to the Form of Borrowing Notice in the next draft of the agreement to specify sub-categories. We are aiming to send you a revised draft by end of day tomorrow.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, August 02, 2017 10:38 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – regarding the subcategories of borrowing purposes which we have previously listed in borrowing notices, we would prefer to continue with the current practice of listing the subcategory of purpose directly in the borrowing notice rather than enshrining a potentially overly-restrictive list of sub-categories directly in the body of the Agreement. The Agreement already contains a broad restriction as to permitted purposes in s.2.2 – namely borrowing must be related to OFHP – and adding a closed and enumerated list of sub-categories of purposes could create problems down the road.

The concern is that there may over the course of the OFHP be a number of borrowing sub-categories other than RRRP and RPP. RPP will make up the vast majority of all such borrowing, and RRRP borrowing will be the next largest borrowing sub-category – though even at that, it will constitute only a very small portion of total borrowing. Then there may be other and very occasional OFHP-related borrowing that, in terms of percentage of total borrowings is expected to be miniscule, but will still fall under the broad OFHP purpose (e.g. FN Delivery Credit, etc).

We intend to continue to list the different sub-categories of borrowing (RPP etc) in each borrowing

notice for internal tracking reasons, etc. In addition our practice has been to issue different borrowing notices for different subcategories of borrowing, and this will also continue. So would it not be sufficient if we just continue with current practice – or maybe just add a note to the Form of Borrowing Notice as a reminder to specify any sub-categories of OFHP-related borrowing purposes ?

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 01, 2017 11:29 AM
To: Victor Buza
Subject: RE: FHP credit facility agreement - further amendments

Thank you Victor. We will include placeholders in the next draft for the RRRP/RPP variances. I will also include language for your review regarding sections 3.3(5) and 4.6 in the next draft, which we can discuss further if required.

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, August 01, 2017 11:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - further amendments

Hi Lisa – we are still considering the RRRP/RPP question you asked below – I will get back to you as soon as we have an answer for you.

Regarding our call at the end of the day yesterday, as I mentioned, I still have some concerns about any conflicting requirements of sections 3.3(5) and 4.6. That said, I am happy to look at any language you might wish to draft and provide my comments promptly if that would be of assistance.

Regards,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July 31, 2017 12:02 PM
To: Victor Buza
Cc: Jean-Francois Beaupre; William Tan; Sarah Harris; Kelly Listoe
Subject: FHP credit facility agreement - further amendments

Hi Victor,

Thank you for the call this morning. Further to our discussion, my clients have suggested that we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. As such, I will leave placeholders in the next draft of the agreement (definitions and perhaps also in section 3.2(1) (Procedure for Advances) for further discussion.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Sarah Neville
To:	Sarah Harris; John Kim
Cc:	Anna Strathy; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Thursday, September 21, 2017 9:11:02 AM

None whatsoever, our understanding was that it would go out with the briefing note. The only caveat is that it might assist to have a call first to put it in context but this appears to be a chicken and egg situation.

We can also share the proposed contract language with IESO.

Sarah

From: Sarah Harris
Sent: Thursday, September 21, 2017 8:59 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

Hi,

I have no objections to sharing the draft; I defer to Sarah N.

Thanks,
Sarah H.

From: John Kim
Sent: Thursday, September 21, 2017 8:56 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

Hi,

I haven't heard back from Tom McKinley as to his availability yet.

I have a suggestion to get this moving. Would everyone be okay with sharing the draft letter agreement, as Lisa drafted yesterday, with Tom? It may help the discussion move along.

Thanks,

John

From: Sarah Harris

Sent: Thursday, September 21, 2017 8:46 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

My schedule is open today for a call.

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From: Sarah Neville
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To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP credit facility agreement - intercept

OK - I will make myself available. Might be helpful to have everyone who needs to be engaged on the same call so that we can get a decision and answer any questions.

Sarah

Sent from my iPhone

On Sep 20, 2017, at 4:57 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Ok, thanks Sarah. I asked Tom for his availability tomorrow suggesting that I'd organize a call with our legal staff.
>
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> **From:** Sarah Neville
> **Sent:** Wednesday, September 20, 2017 4:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: FHP credit facility agreement - intercept
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> Sarah
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Sent: Wednesday, September 20, 2017 4:42 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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In my call with IESO staff, they expressed that they understood the rationale behind the approach, along the lines of no substantive issue as there is no appropriation here. At least the IESO staff fully understood that point. They do want this facility in place asap so it would not surprise me if they expressed frustration around the proposed approach and the delay.

As mentioned in my earlier email, this will be brought up potentially at tomorrow's meeting.

Thanks,

John

From: Sarah Neville
Sent: Wednesday, September 20, 2017 4:36 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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Toby from MOF Legal just called Lisa. Tom McKinley, counsel from MOE reached out to him in response to your memo to find out what the rationale was for the memo, apparently IESO reached out to Energy and expressed concern about what was going on.

I think it may be prudent to arrange for a policy level call tomorrow to provide reassurance that there is no substantive issue here, but in the absence of a directive we require inclusion of the intercept provisions. Notwithstanding that there are currently no appropriations. Once this is done the loan agreement can be finalized without further delay.

I've copied Anna given your earlier heads up to her. Please let me know how you

would like to proceed.

Sarah

From: Lisa Stein
Sent: Wednesday, September 20, 2017 4:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FHP credit facility agreement - intercept

Hi Sarah and John,

Please note that I will be away until Monday. I've provided Sarah Neville with a draft version of the agreement containing intercept provisions. In the even that this matter moves forward in the next couple of days, please contact Sarah.

Thank you,

Lisa

Lisa N. Stein
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From:	Sarah Harris
To:	John Kim; Sarah Neville
Cc:	Anna Strathy; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Thursday, September 21, 2017 8:58:33 AM

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Thanks,
Sarah H.

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Sent: Thursday, September 21, 2017 8:56 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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Subject: RE: FHP credit facility agreement - intercept

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Subject: Re: FHP credit facility agreement - intercept

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Sent from my iPhone

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> **Subject:** RE: FHP credit facility agreement - intercept
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> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: FHP credit facility agreement - intercept
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so it would not surprise me if they expressed frustration around the proposed approach and the delay.

As mentioned in my earlier email, this will be brought up potentially at tomorrow's meeting.

Thanks,

John

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From: Lisa Stein
Sent: Wednesday, September 20, 2017 4:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FHP credit facility agreement - intercept

Hi Sarah and John,

Please note that I will be away until Monday. I've provided Sarah Neville with a draft

version of the agreement containing intercept provisions. In the even that this matter moves forward in the next couple of days, please contact Sarah.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
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416-325-2320

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From:	John Kim
To:	Sarah Harris; Sarah Neville
Cc:	Anna Strathy; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Thursday, September 21, 2017 8:55:54 AM

Hi,

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I have a suggestion to get this moving. Would everyone be okay with sharing the draft letter agreement, as Lisa drafted yesterday, with Tom? It may help the discussion move along.

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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Sent: Wednesday, September 20, 2017 7:59 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP credit facility agreement - intercept

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Sent from my iPhone

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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John

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Sent: Wednesday, September 20, 2017 4:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FHP credit facility agreement - intercept

Hi Sarah and John,

Please note that I will be away until Monday. I've provided Sarah Neville with a draft version of the agreement containing intercept provisions. In the even that this matter moves forward in the next couple of days, please contact Sarah.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Sarah Harris
To:	Sarah Neville; John Kim
Cc:	Anna Strathy; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Thursday, September 21, 2017 8:45:53 AM

My schedule is open today for a call.

Sarah H.

From: Sarah Neville
Sent: Wednesday, September 20, 2017 7:59 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP credit facility agreement - intercept

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Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
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From:	John Kim
To:	Sarah Neville
Cc:	Anna Strathy; Sarah Harris; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Wednesday, September 20, 2017 4:57:17 PM

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From: Sarah Neville
Sent: Wednesday, September 20, 2017 4:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

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Please note that I will be away until Monday. I've provided Sarah Neville with a draft version of the agreement containing intercept provisions. In the even that this matter moves forward in the next couple of days, please contact Sarah.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Sarah Neville
To:	John Kim
Cc:	Anna Strathy; Sarah Harris; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Wednesday, September 20, 2017 4:47:15 PM

Great John, thanks.

I think we can convey in any meetings that the agreements can move quickly as long as everyone agrees to add the intercept provision.

Sarah

From: John Kim
Sent: Wednesday, September 20, 2017 4:42 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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From:	John Kim
To:	Sarah Neville
Cc:	Anna Strathy; Sarah Harris; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Wednesday, September 20, 2017 4:42:18 PM

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From: Sarah Neville
To: John Kim
Cc: Anna Strathy; Sarah Harris; Lisa Stein
Subject: RE: FHP credit facility agreement - intercept
Date: Wednesday, September 20, 2017 4:35:49 PM

Hi John –

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FHP credit facility agreement - intercept

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****

From:	John Kim
To:	Lisa Stein; Sarah Harris
Cc:	Sarah Neville
Subject:	RE: FHP credit facility agreement - intercept
Date:	Wednesday, September 20, 2017 4:32:21 PM

Thanks Lisa….we are reviewing still.

John

From: Lisa Stein
Sent: Wednesday, September 20, 2017 4:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FHP credit facility agreement - intercept

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From:	John Kim
To:	Sarah Harris; Sarah Neville
Cc:	Anna Strathy; Lisa Stein
Subject:	RE: FHP credit facility agreement - intercept
Date:	Thursday, September 21, 2017 11:30:27 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

Ron had some comments….will send this version unless anyone has comments.

Thanks,

John

From: John Kim
Sent: Thursday, September 21, 2017 8:56 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

Hi,

I haven't heard back from Tom McKinley as to his availability yet.

I have a suggestion to get this moving. Would everyone be okay with sharing the draft letter agreement, as Lisa drafted yesterday, with Tom? It may help the discussion move along.

Thanks,

John

From: Sarah Harris
Sent: Thursday, September 21, 2017 8:46 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

My schedule is open today for a call.

Sarah H.

From: Sarah Neville
Sent: Wednesday, September 20, 2017 7:59 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: FHP credit facility agreement - intercept

OK - I will make myself available. Might be helpful to have everyone who needs to be engaged on the same call so that we can get a decision and answer any questions.

Sarah

Sent from my iPhone

On Sep 20, 2017, at 4:57 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Ok, thanks Sarah. I asked Tom for his availability tomorrow suggesting that I'd organize a call with our legal staff.
>
> ---
>
> **From:** Sarah Neville
> **Sent:** Wednesday, September 20, 2017 4:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: FHP credit facility agreement - intercept
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> Great John, thanks.
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>
> Sarah
>
> ---
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****

I am writing in relation to the Independent Electricity System Operator's (IESO)~~'s~~ request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion ~~from the OFA~~ (the "New Credit Facility") to support ~~its~~the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

~~Pursuant to~~Under the OFA Lending Policy, the OFA ~~is~~ require~~d~~ ~~to include~~ an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement ~~from money appropriated by the Legislature for payment to the public body~~. I acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for the IESO [Energy to confirm] and the intent of such a provision is to apply if and when amounts were to be appropriated in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), on an unsecured basis, the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- ~~As such, t~~The OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
  - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance ~~is~~ would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").
  - Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

Commented [RK1]: I had thought the earlier discussion contemplated an acknowledgement / confirmation that at this time there are currently no amounts appropriated by the Legislature for the IESO and that these provisions would apply if amounts were appropriated in the future.

Has there been an update to that thinking?

Commented [JK2R1]: Updated.

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DRAFT

- Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

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DRAFT

From: William Tan
To: Lisa Stein; Sarah Harris
Subject: RE: FHP credit facility agreement Sept 8 OFA.docx
Date: Monday, September 11, 2017 2:10:18 PM
Attachments: FHP credit facility agreement Sept 8 OFA.docx

Hello Lisa,

I have accepted the appropriate changes made minor changes. If you don't have additional comments, I will forward this version to Anthony and Victor.

Thanks,

Will

From: Lisa Stein
Sent: Monday, September 11, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FHP credit facility agreement Sept 8 OFA.docx

Latest version

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2~~1~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such A~~a~~dvances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

Commented [WT1]: Amended as per previous comment.

Commented [WT2]: Amended as per previous comment.

Commented [WT3]: Comment amended as per email.

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

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~~By:~~

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Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan; Sarah Harris
Subject:	RE: FHP credit facility agreement Sept 8 OFA.docx
Date:	Monday, September 11, 2017 2:41:21 PM

I don't have any additional comments.

Thanks,

Lisa

From: William Tan
Sent: Monday, September 11, 2017 2:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement Sept 8 OFA.docx

Hello Lisa,

I have accepted the appropriate changes made minor changes. If you don't have additional comments, I will forward this version to Anthony and Victor.

Thanks,

Will

From: Lisa Stein
Sent: Monday, September 11, 2017 11:54 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FHP credit facility agreement Sept 8 OFA.docx

Latest version

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Victor Buza
To:	Lisa Stein
Cc:	William Tan; Sarah Neville; Sarah Harris; John Kim; Anthony Martinello
Subject:	RE: FHP credit facility agreement amended - IESO Legal comments
Date:	Friday, October 27, 2017 1:01:30 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5 IESO Legal comments.docx

Hi Lisa. Attached is a document showing my comments on the Intercept language to make it more consistent with the Intercept Letter, and some minor fixes to the Entire Agreement clause you added to the v.5 draft.

You may also wish to add the new defined terms to the definitions section.

Happy to discuss this afternoon after 3 pm if you have any questions.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 24, 2017 2:53 PM
To: Victor Buza
Cc: William Tan; Sarah Neville; Sarah Harris; John Kim
Subject: FHP credit facility agreement amended

Hi Victor,

Thank you for your voicemail. We are still reviewing the latest version of the intercept letter agreement and will get back to you regarding the IESO's comments shortly.

In addition, we have made an additional minor amendment to the credit facility agreement to add an "Entire Agreement" paragraph, in section 7.8. I've attached a black-lined version, as well as a new execution version (v.5), of the agreement for your review.

Please let me know if you have any concerns with this latest amendment to the credit facility agreement.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay when due under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed~~s~~ to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing~~of~~ the IESO's failure to pay when due any amounts owing under this Agreement and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay when due under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed~~s~~ to pay when due to the OFA shall be deducted from the Appropriated Funds and paid to the OFA. The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistent with the terms set out in the Intercept Letter which shall apply in full.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and

capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including~~and~~ the s~~S~~chedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties~~parties~~ before the date the OFA signs this Agreement.

Section 7.~~9~~8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Sarah Harris
Cc: William Tan
Subject: RE: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date: Friday, August 18, 2017 12:16:37 PM

Hi Sarah,

It would be helpful if you could please provide me a black-lined version from my latest version highlighting the latest amendments.

Thanks,

Lisa

From: Sarah Harris
Sent: Friday, August 18, 2017 9:57 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Lisa,

I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well

I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.

I know you're in 'directive land' right now, so whenever you have the opportunity to discuss this, plus the amending agreement, that would be great.

Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx

As discussed.

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan
Subject:	RE: FHP credit facility agreement draft OFA Legal Aug 17.docx
Date:	Friday, August 18, 2017 1:20:18 PM
Attachments:	Blackline - FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx FHP credit facility agreement draft OFA Legal Aug 18 proposed.docx

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Of course, Lisa…sorry. Please see attached black-lined version. I also fixed up some punctuation.
Sarah

From: Lisa Stein
Sent: Friday, August 18, 2017 12:17 PM
To: Sarah Harris
Cc: William Tan
Subject: RE: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Sarah,
It would be helpful if you could please provide me a black-lined version from my latest version highlighting the latest amendments.
Thanks,
Lisa

From: Sarah Harris
Sent: Friday, August 18, 2017 9:57 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft OFA Legal Aug 17.docx

Hi Lisa,
I noticed some clean up and tweaking is needed on Schedule 1, which affects section 3.2(1) as well I have attached proposed change, but I've also attached your last version from yesterday so we can look side by side.
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From: Lisa Stein
Sent: Thursday, August 17, 2017 4:05 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP credit facility agreement draft OFA Legal Aug 17.docx

As discussed.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with

financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance~~;~~, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance~~; and, (d) the IESO sub-category of borrowing purpose, if applicable.~~. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or

any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief

of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West

Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s~~):~~) [specify sub-categories of borrowing purposes, as applicable]:

~~(d) [indicate amount], [specifying IESO sub-categories of borrowing purposes as applicable]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____
[Insert principal amount of Advance and Advance date].
(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].
(c) The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:
i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.
(d) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

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Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance~~, and~~; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day~~'~~s prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies; (b) the amount of interest to be re-paid by the IESO on such

Advance on the current Repayment Date; (c) the new aggregate total amount of the proposed Continued Advance; and (dc) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness, as permitted by in accordance with subSections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s) [specify sub-categories of borrowing purposes, as applicable]:

~~(d) (1) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]applicable]~~
~~(2) [indicate amount and purpose of funds requested], [specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) ~~(a)~~ The Advance to which the election request applies is _____ ~~;~~ [Insert principal amount of Advance and Advance date]~~.;~~

(b) The amount of interest the IESO will re-pay on Advance set out in (a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].

(c) T~~t~~he new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~;~~

i. previous principal amount of Advance [or portion thereof] $_____; and,
ii. accrued interest on Advance [or portion thereof] $_____.

(d) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date n~~N~~ot earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

~~(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;~~

~~(e) This transaction related to the settlement of the of the _____;[Insert relevant subcategory of borrowing].~~

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

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The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Thursday, August 17, 2017 9:23:11 AM
Attachments: image001.png

Hi Lisa,

Please hold-off on reviewing the FHP for the moment. Sarah and I are going to make a tweak to the FHP agreement.

Thanks,

Will

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.

3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,

I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.

I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest.
Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period.
If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?

Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

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To: Lisa Stein
Cc: Sarah Harris
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Wednesday, August 16, 2017 5:31:09 PM
Attachments: FHP credit facility agreement draft Aug 4 OFA Legal.docx
image001.png
RRRP Rollover Notice with advance.pdf

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Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note~~.~~ in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty

or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~y~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

~~(e)~~~~(1)~~ [indicate amount and purpose of funds requested], ~~-~~[specifying IESO sub-categories of borrowing purposes as applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
FORM OF ELECTION NOTICE*

Date: July 19, 2017

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7AIY7

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the" **Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in that connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is July 21, 2017
(b) The aggregate amount of the new loan is $6,629,013.88
    i. previous principal amount: $4,397,101.10
    ii. advance: $2,231,912.78
(c) The new Repayment Date applicable to such Advance is August 21, 2017

IESO confirms it will also be paying interest in the amount of $2,950.27. This transaction relates to the settlement of the Rural or Remote Electricity Rate Protection (RRRP) variance.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash· Management (416) 325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement, and are not being used for any other purpose.

Yours truly,
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Wednesday, August 16, 2017 2:54:33 PM

Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,

I have cleaned up the draft and accepted IESO amendments that do not require further discussion. I also made the appropriate changes to Schedule 1 and Schedule 2. Please add back the intercept provision wording.

I wanted to request your thoughts on a drafting issue with regards to rolling-over of interest. Section 3.3 Allow IESO to continue all or a portion of interest on such Advance for a further period. If IESO to elects to "roll-over" some or all of the interest from the current advance and previous advances would it be allowed to do so based on the wording in the Section 3.3, Schedule 2 etc.?

Currently, IESO pays all of the outstanding accrued interest. As long as the client makes the minimum payment of interest the client is allowed to borrow up to the maximum of the credit facility.

"The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Thanks,

Will

From: Lisa Stein

Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 10, 2017 10:21:32 AM

Thank you, Lisa. Understood.

Sarah

From: Lisa Stein
Sent: Thursday, August 10, 2017 9:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Sarah,

Further to our meeting yesterday, please see the latest draft of the credit facility agreement for your review. Please note that this is an internal discussion draft only and should not be forwarded to the IESO at this time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date:	Thursday, August 17, 2017 12:35:08 PM
Attachments:	image001.png FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

I have made the appropriate tweaks. We have made some changes to reflect the actual practice of advancement of funds in:

3.2 – Procedure of Funds and Schedule 1
3.3 Elections Regarding Advances and Schedule 2.

Let me know when you have a moment and I can come over and show you if you have any questions.

Thanks,

Will

From: William Tan
Sent: Thursday, August 17, 2017 9:23 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Please hold-off on reviewing the FHP for the moment. Sarah and I are going to make a tweak to the FHP agreement.

Thanks,

Will

From: William Tan
Sent: Wednesday, August 16, 2017 5:31 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Lisa,

Hopefully I have captured the actual practice by IESO in 3.3(2) and the Election Notice with regards to their option to rollover all or a portion of interest.

3.3

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

From: Lisa Stein
Sent: Wednesday, August 16, 2017 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi Will,

Yes, you are correct, they may do so. Can you please clarify your drafting question?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, August 16, 2017 2:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hello Lisa,

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Thanks,

Will

From: Lisa Stein
Sent: Friday, August 11, 2017 4:52 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FHP credit facility agreement draft Aug 4 OFA Legal.docx

Hi all,

Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.

Have a great weekend!

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance, previous principle amount of Advance and accured interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) confirms it will also be paying interest amount. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~-~~as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material ~~Subsidiary "~~Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; ~~and~~

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs ~~thereof.~~

~~**"Swap**~~thereof. **"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the

context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that
proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such

other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(1)~~

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

~~In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.~~

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; ~~, and~~ (b) the principal amount of the Advance; ~~, and~~ (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance; and (d) ~~.~~ the indicated amount and subcategory of borrowing purpose. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the

election request applies (b) the new aggregate total amount of the proposed Continued Advance, previous principal amount of Advance and accrued interest on Advance; ~~and~~ (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date; (d) that IESO will also be paying interest amount (with respect to (a) if any); and (e) the subcategory of the transaction.~~.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of ~~(i) any Permitted Liens of the IESO, and (ii)~~ any ~~other~~ Liens that secure Indebtedness, as permitted by ~~in accordance with~~ sub~~S~~ections 4.6 (a) through (e) hereof.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the

Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA~~IESO~~ to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from

doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO~~,~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a),

(b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~-~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneysies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Aadvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

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Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1~~I~~Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile~~Telecopier~~: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.~~-~~m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile ~~telecopier~~ other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties~~OFA and the IESO~~.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by~~:~~ the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in~~-~~valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(d) ~~(1)~~ [indicate amount~~ and purpose of funds requested~~], ~~–~~[specifying IESO sub-categories of borrowing purposes as ~~applicable ~~]applicable]
~~(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]~~

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility A~~agreement~~Facility~~ Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]
(d) That IESO will also be paying interest (with respect to (a) if any) in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;[Insert relevant IESO sub-category of borrowing].

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Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: RE: FHP credit facility agreement
Date: Friday, August 11, 2017 9:05:35 AM

I'm also home today. Call me on my work cell 416-918-7625

-----Original Appointment-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, August 11, 2017 8:57 AM
To: Lisa Stein
Subject: Accepted: FHP credit facility agreement
When: Friday, August 11, 2017 10:30 AM-11:00 AM (UTC-05:00) Eastern Time (US & Canada).
Where: Lisa to call

I will be working from home, so just let me know what number to call you at.
Toby

From:	William Tan
To:	Tobias P. Whitfield (MOF); Lisa Stein; Bruno Amara
Cc:	Kelly Listoe; Jean-Francois Beaupre; Sarah Harris
Subject:	RE: FHP subcategories
Date:	Friday, August 04, 2017 9:41:16 AM

Fyi, RE: permitted leins (k)

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 04, 2017 9:37 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: FHP subcategories

William,

Yes the list below are current examples of programs under/part of the FHP.
I would caution that there may be more too such as "Funding Rebates", and there are current discussions about potential new regulations under FH Act still being contemplated/discussed by gov't lawyers.
I would prefer that we keep the language in our debt agreement to reference activities under the FH Act….since there may be new regulations, amendments to FH regulations, or new programs that may be set up.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 03, 2017 4:51 PM
To: Anthony Martinello
Subject: FHP subcategories

Hi Anthony,

Is the list below a basic list of programs that would be a part of FHP Permitted Liens (k)? if yes, is there a more exhaustive list?

Broadening Distribution Rate Protection

RRRP program provides a rate subsidy to rural and remote residential customers who face higher distribution costs.

About 800,000 customers would benefit from the new broadened distribution rate protection program. Customers of LDCs benefitting from this include: Hydro One R2 and R1 customers, and residential customers of Northern Ontario Wires, Lakeland Parry Sound, Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The benefits would differ from LDC to LDC.

Expanding the OESP

The OESP[na01.safelinks.protection.outlook.com] is an income-tested, application based program that lowers electricity costs for the most vulnerable consumers, providing a rebate directly on bills. There are two scales: one with basic credits, and an enhanced credit for Indigenous people or those who

use electric heat or certain electrically intensive medical devices.

Effective May 1, 2017, Ontario increased the OESP by 50 per cent, meaning that single, low-income consumers who receive the lowest credit amount would get an increase from $30 to $45 per month ($540 per year, an increase of $180), and single, low-income consumers who qualify for the enhanced scale would see an increase from $45 to $68 ($816 per year, an increase of $276).

Providing a First Nations On-Reserve Delivery Credit

In 2016, the Ontario Energy Board (OEB) engaged with First Nations, including remote communities, the distributors serving them, and consumer groups such as the Low Income Energy Network.

As a result of recommendations from the OEB, the government plans to eliminate the delivery charge for all on-reserve First Nations residential customers and remove the monthly service charge for customers of licensed distributors which charge a bundled rate.

The Fair Hydro Act, 2017 would, if passed, enable the above initiatives. In addition, an Affordability Fund has been established. No legislative amendments were required for this fund.

Establishing an Affordability Fund

Ontario has established an Affordability Fund that will provide energy efficiency measures to Ontarians who are not eligible for low-income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.

The Province is paying for the Affordability Fund through provincial revenues.

Energy Sector Efficiencies

The Ontario government has commenced work on the next Long-Term Energy Plan (LTEP).

Ontario is in a strong electricity supply situation and well-positioned to meet demand at this time. The LTEP process is designed to be iterative and flexible and only commit resources as demand needs become clearer. The Province is committed to continuing to put conservation first in its energy planning decisions, where cost-effective.

When new electricity supply is needed, the next LTEP would ensure that future procurements are focused on outcomes, rather than contracting with specific technologies. This technology-neutral approach would foster innovation and create competition. This approach is expected to lower the cost of electricity supply.

The OEB will identify opportunities for cost efficiencies by:

Encouraging shared partnerships on services between utilities, which would help reduce costs and encourage further innovation for small to medium-sized utilities.

Reviewing business cases behind its regulatory requirements to reduce red tape and eliminate costs that LDCs indicate are creating pressures on operating expenses.

Looking at opportunities to further drive transmitter and LDC efficiencies and productivity improvements, including the use of innovative technologies and business processes.

The IESO and partners have begun a market renewal project to enhance efficiency and performance of the wholesale electricity market.

Changes related to the IESO's market renewal initiatives are estimated to save at least $200 million per year, starting in 2021.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Neville
To: Fatima Husnain; Lisa Stein
Subject: RE: Fair Hydro Act
Date: Monday, July 10, 2017 9:33:49 AM

Yes, thanks Fatima, that would be helpful.

Sarah

From: Fatima Husnain
Sent: Thursday, July 06, 2017 10:17 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Fair Hydro Act

Hi Sarah and Lisa,

As a follow-up to the staff meeting. I am wondering if you would like to be write a summary of the Fair Hydro Act and its regulations. There's an article by Aird & Berlis that shows the regulations: http://www.lexology.com/library/detail.aspx?g=63efd19d-e433-471c-8a75-692cc61fee5b&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2017-07-06&utm_term=

I asked Caroline and she advised me to ask you two if it would be helpful as you may have files dealing with the Fair Hydro Act

Please let me know if this would be helpful for legal,
Fatima

From: Lisa Stein
To: Fatima Husnain; Sarah Neville
Subject: RE: Fair Hydro Act
Date: Thursday, July 06, 2017 10:24:16 AM

Hi Fatima,

Sure, that's a great idea. Please save it to this matter site:

http://portal.ofina.on.ca/sites/cms/legal/LE10-00-2017-022/default.aspx

Thank you,

Lisa

From: Fatima Husnain
Sent: Thursday, July 06, 2017 10:17 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Fair Hydro Act

Hi Sarah and Lisa,

As a follow-up to the staff meeting. I am wondering if you would like to be write a summary of the Fair Hydro Act and its regulations. There's an article by Aird & Berlis that shows the regulations: http://www.lexology.com/library/detail.aspx?g=63efd19d-e433-471c-8a75-692cc61fee5b&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2017-07-06&utm_term=

I asked Caroline and she advised me to ask you two if it would be helpful as you may have files dealing with the Fair Hydro Act

Please let me know if this would be helpful for legal,
Fatima

From: Fatima Husnain
To: Lisa Stein; Sarah Neville
Subject: RE: Fair Hydro Act
Date: Thursday, July 20, 2017 3:46:25 PM
Attachments: Fair Hydro Act.docx

Hi Sarah and Lisa,

Please find attached the Fair Hydro summary.
I have also added it to the matter site.

Thanks,
Fatima

From: Lisa Stein
Sent: Thursday, July 06, 2017 10:24 AM
To: Fatima Husnain <Fatima.Husnain@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Fair Hydro Act

Hi Fatima,

Sure, that's a great idea. Please save it to this matter site:

http://portal.ofina.on.ca/sites/cms/legal/LE10-00-2017-022/default.aspx

Thank you,

Lisa

From: Fatima Husnain
Sent: Thursday, July 06, 2017 10:17 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Fair Hydro Act

Hi Sarah and Lisa,

As a follow-up to the staff meeting. I am wondering if you would like to be write a summary of the Fair Hydro Act and its regulations. There's an article by Aird & Berlis that shows the regulations:
http://www.lexology.com/library/detail.aspx?g=63efd19d-e433-471c-8a75-692cc61fee5b&utm_source=Lexology+Daily+Newsfeed&utm_medium=HTML+email+-+Body+-+General+section&utm_campaign=Lexology+subscriber+daily+feed&utm_content=Lexology+Daily+Newsfeed+2017-07-06&utm_term=

I asked Caroline and she advised me to ask you two if it would be helpful as you may have files dealing with the Fair Hydro Act

Please let me know if this would be helpful for legal,
Fatima

Ontario Fair Hydro Plan Act, 2017 (*Fair Hydro Act, 2017*) Summary of Act and Regulations

Summary

- Purpose: To foster the development of a clean, modern and reliable electricity system, and to remove barriers to and promote opportunities for renewable and clean energy projects by sharing costs fairly among consumers today and in the future[1].
- As of July 1, 2017, consumers will receive an immediate 25% reduction in their electricity bills, there will be no increase to electricity rates beyond the rate of inflation for four years and additional reductions of up to 40-50% are available for people in rural or remote communities or families with low income.
- Bills are lowered because electricity support programs are funded with provincial revenues, not electricity revenues.
- The Government, the Independent Electricity Systems Operator (IESO) and the Ontario Energy Board (OEB) are working together to improve sector efficiency and modernize the province's electricity market.
- $5.2 billion in savings are expected over a 10-year period[2].

IESO's Involvement

Below are a list of sections within the Act that specifically discuss the IESO and their involvement.

- IESO and OPG will to spread the costs of clean electricity investments over time.
- IESO's Market Renewal Initiative will "result in a more efficient marketplace with competitive and transparent mechanisms that meet future system meets at the lowest cost[3].
- **Part III Clean Energy Adjustment** s 16 (1-4) IESO will receive amounts from the clean energy adjustment by electricity vendors. These amounts will be held in trust by the IESO for the benefit of investment interest owners.
- s 17 (2, 5) All electricity vendors will report to the IESO the total amount invoiced to specified consumers in respect of the clean energy adjustment, the amount collected and any other information may be prescribed. Until this time the proceeds are held in trust by the electricity vendor.
- **Part IV Implementation** s 18 (2) OPG, the Financial Services Manager of the Act, must also provide relevant information to IESO in respect of obligations under Part III.
- **Part V The Regulatory Asset** s 23 (1-4) The IESO deferral for each month, starting May 1, 2017, will be determined by IESO in accordance with the regulations. The IESO may rely on the information provided by electricity vendors to make the deferral determination.

[1] *Ontario Fair Hydro Plan Act, 2017*, SO 2017, c 16, Sched. 1.
[2] *Ontario's Fair Hydro* Plan, online: Ministry of Energy <https://www.ontario.ca/page/ontarios-fair-hydro-plan>
[3] *Ibid.*

- s 24 (1-3) IESO will establish and maintain a variance account recording: the monthly deferral, payments received under the right of recover (section 25 and 26), and any other adjustments as may be prescribed. Subject to any obvious error, the balance in the variance account is determinative. In the context of a transfer under section 26, no change made by the IESO to the balance will affect the rights acquired by the investment interest owner under the transfer if the previous balance was relied upon.
- s 25 (1-3) IESO has the right to recover the balance recorded in the variance account from specified consumer, but it cannot be collected before May 1, 2021 and after that it can be collected subject to Board allowance.
- s 26 (1-3) IESO may transfer a specified portion of the regulatory asset to a financing entity. Upon receipt by the IESO of payment by the financing entity:
    a. "the balance in the variance account shall be reduced by the amount of the payment
    b. The regulatory asset shall be adjusted accordingly
    c. The financing entity shall acquire a corresponding investment interest; and
    d. The IESO shall retain no further right, title or interest in the corresponding investment interest"
- s 27 (2) Without limiting subsection (1) which states that transfers under section 26 constitute a "valid and enforceable absolute assignment, conveyance and sale of the corresponding investment interest to the transferee", subsections (2) states that "any transfer agreement that states an intention of the parties for the IESO to dispose of a specified portion of the regulatory asset and to assign, convey or sell a corresponding investment interest shall be treated for all purposes as an absolute assignment, conveyance, disposition and sale of the IESO's right to recover the corresponding amount in the variance account and not merely as a security interest."

Regulations

O. Reg. 195/17: Fair Adjustment Under Part II of the Act[4]

- Provides the manner that the Ontario Energy Board will use to calculate the new rates
- This will lead to a 25% reduction in rates and new rates are calculated using a set of assumptions of a hypothetical regulated rate consumer
- New rates will be set May 1, 2018 for increases equal to the rate of inflation

O. Reg. 196/17: Invoicing Requirements[5]

- Provides rules and requirements for invoices including a statement about the Fair Hydro Plan: "Ontario's Fair Hydro Plan substantially lowers electricity bills for typical residential consumers. This includes the eight per cent rebate introduced in January 2017,

[4] David Stevens, *Regulations Published to Implement Ontario's Fair Hydro Plan*, online: Aird Berlis Energy Insider <http://www.airdberlis.com/insights/blogs/energyinsider/post/ei-item/regulations-published-to-implement-ontario-s-fair-hydro-plan#page=1>, see also O Reg 195-17.
[5] O Reg 196/17.

and builds on previous initiatives to deliver broad-based relief on all electricity bills" and an insert explaining the plan

O. Reg. 206/17: General[6]

- Specifies how the Clean Energy Adjustment will be disbursed and calculated (s4-5)
- Details on how the Financial Services Manager calculates the true up amount, which is required unless all funding obligations and other finance amounts are paid in full (s6)
- The Financial Services Manager will notify the Board of the clean energy adjustment and the Board will determine the rates that specified consumers are to be invoiced. The IESO will ensure that the amounts received under the adjustment are identifiable as such (s7-9)
- Details on the fair allocation amount and determination of estimated financing costs (s11-14)
- Amounts that the IESO may include in the IESO deferral (sum of all amount payable by electricity vendors and specified consumers, costs incurred related to financing the amounts, and amounts incurred after May 1, 2017 and before the Act came into force) (s15-16)

[6] O Reg 206/17.

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; Anthony Martinello
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Thursday, October 26, 2017 6:25:25 PM

Hi Victor,

We are still finalizing AA#10. We will send it to you either tomorrow or early next week.

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, October 26, 2017 5:45 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Lisa – just wanted to check whether the latest version of AA#10 was ever sent across for our review or whether you were still waiting on finalization of the FHP Credit Agreement ? I can't seem to find anything in my system.
I would like to review the additions to the Permitted Liens language in AA#10 asap even if the addition of the Intercept language is not final.
Thanks,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 10, 2017 12:10 PM
To: Victor Buza; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be

controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
2. Page 20. Delivered Via Email: CASHP@ofina.on.ca
3. Page 22. Delivered Via Email: CASHP@ofina.on.ca

OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and

Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Lisa Stein
To:	Sarah Neville; John Kim; William Tan
Cc:	Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 11:22:49 AM

I agree with this approach. My schedule is open until 3 pm (I'm in meetings the rest of the afternoon).

From: Sarah Neville
Sent: Wednesday, October 04, 2017 11:20 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

My recommendation would be that the next step would be to set up a call today with counsel (Lisa and Victor) and clients (Anthony, William, Sarah and John) and discuss the Existing Agreement and inclusion of the intercept, but also to prioritize that the letter and the new line should be completed first. That way it can be determined if the intercept's inclusion in the $425 line is a deal breaker for IESO, if so, what their issues are or if they are just trying to confirm our position. Based on the outcome of that discussion a clear path forward could be identified hopefully quickly with everyone on the same page and we can clarify roles.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

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Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
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Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
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Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

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- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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Cc:	Lisa Stein; Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 11:20:17 AM

My recommendation would be that the next step would be to set up a call today with counsel (Lisa and Victor) and clients (Anthony, William, Sarah and John) and discuss the Existing Agreement and inclusion of the intercept, but also to prioritize that the letter and the new line should be completed first. That way it can be determined if the intercept's inclusion in the $425 line is a deal breaker for IESO, if so, what their issues are or if they are just trying to confirm our position. Based on the outcome of that discussion a clear path forward could be identified hopefully quickly with everyone on the same page and we can clarify roles.

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From:	John Kim
To:	Sarah Neville; William Tan
Cc:	Lisa Stein; Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 10:59:46 AM

I agree. Not sure staff should be having a call or exchange of emails with a "Senior Counsel" from another organization.

In my case, I had scheduled a call with Anthony and he invited Victor. I didn't know he was a Legal Cousel until William forwarded the email below.

John

From: Sarah Neville
Sent: October-04-17 10:46 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Please let me know if there are questions or if you would like to discuss. Hopefully we are close to resolution on this.

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Hi Joan - My preference is to also bring it into alignment with the current policy. But before we respond to IESO at what point was "grandfathering" discussed with IESO and what was the context of those discussions? If representations were made we need to deal with those in the response.

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Thanks,

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Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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the definition of “Permitted Liens” contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
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FHP Credit Facility Agreement – Execution Version v3.

Thanks,

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Please let me know if these documents appear in order.

Regards,
Victor

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

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Date:	Wednesday, October 04, 2017 10:46:08 AM

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From:	Sarah Neville
To:	Lisa Stein; William Tan
Cc:	John Kim
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 10:17:11 AM

Great, thanks for the insight.

I agree we should bring both in to alignment with the current policy, and that the priorities are the letter agreement and the new credit facility.

From: Lisa Stein
Sent: Wednesday, October 04, 2017 10:13 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi William,

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LIsa

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Sent: Wednesday, October 04, 2017 10:06 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Subject: FW: Touch Base

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Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

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- we would then ask if you could please insert the execution date, where appropriate, on each agreement
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Please let me know if you have any concerns regarding any of the above.

Thanks,

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To: William Tan
Cc: John Kim; Sarah Neville
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Wednesday, October 04, 2017 10:13:08 AM

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From: John Kim
To: Sarah Neville; William Tan
Cc: Lisa Stein; Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Wednesday, October 04, 2017 10:07:36 AM

Hi Sarah,

I had a discussion early on with Anthony and Victor when we first floated the idea of a letter agreement. I would not say that I made a representation in that call as I left it vague as to how things come about without the intercept provision, i.e. amendments to extend the original facility. The discussion was exploratory.

I believe I have always discussed requiring the provision for both facilities.

All said, I didn't realize Victor was a lawyer.

I know we discussed some comfort about the lending policy at the time of the first Directive but think both facilities should be brought onside with the current policy.

John

William, I thought Sarah N. wanted to clarify this before responding to Victor?

From: Sarah Neville
Sent: October-04-17 9:56 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Joan - My preference is to also bring it into alignment with the current policy. But before we respond to IESO at what point was "grandfathering" discussed with IESO and what was the context of those discussions? If representations were made we need to deal with those in the response.

Sarah

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Sent: Wednesday, October 04, 2017 9:52 AM
To: William Tan <William.Tan@ofina.on.ca>
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Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi William,

My view is that the existing facility should also be amended. Sarah N. can let us know her view as

well. I would also indicate that the $2bn facility is more time sensitive.

When you respond to Victor, pls. copy me.

John

From: William Tan
Sent: October-04-17 9:46 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello John,

Victor would like some clarification with regards to the application of the intercept provision to the Existing Credit Facility. His understanding is that the provision only applies to the FHP Credit Facility and that the Existing Credit Facility is to be grandfather. Could you please respond to Victor on this matter?

"current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?"

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

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Regards,
Victor

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Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

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From:	Sarah Neville
To:	John Kim; William Tan
Cc:	Lisa Stein; Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 9:56:20 AM

Hi Joan - My preference is to also bring it into alignment with the current policy. But before we respond to IESO at what point was "grandfathering" discussed with IESO and what was the context of those discussions? If representations were made we need to deal with those in the response.

Sarah

From: John Kim
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To: Anthony Martinello; Victor Buza
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Date: Tuesday, October 03, 2017 4:12:03 PM

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Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

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Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

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416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
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- print out two originals of each agreement and partially execute the agreements
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Sarah

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From: Victor Buza
To: Lisa Stein
Cc: Sarah Harris; William Tan; Anthony Martinello
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Thursday, October 26, 2017 5:45:34 PM

Hi Lisa – just wanted to check whether the latest version of AA#10 was ever sent across for our review or whether you were still waiting on finalization of the FHP Credit Agreement ? I can't seem to find anything in my system.
I would like to review the additions to the Permitted Liens language in AA#10 asap even if the addition of the Intercept language is not final.
Thanks,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 10, 2017 12:10 PM
To: Victor Buza; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Friday, September 15, 2017 1:41:53 PM
Attachments:	FHP credit facility agreement - Execution Version v2.docx FHP credit facility agreement - Execution Version v2.pdf OFA IESO Amending Agreement No 10 - Execution Version v2.docx OFA IESO Amending Agreement No 10 - Execution Version v2.pdf

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Thanks,

Sarah

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY	INDEPENDENT ELECTRICITY SYSTEM OPERATOR
Per: _____	Per: _____
Name: Michael D. Manning Title: Executive Director & Chief Investment Officer, Capital Markets Division	Name: Kimberly Marshall Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer
I have authority to bind the corporation.	I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   “**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “$975,000,000” and substituting “$475,000,000” therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   “**Continued Advance”** has the meaning specified in Section 3.3(1).

   “**Current Repayment Date**” has the meaning specified in Section 3.3(2).

   “**New Repayment Date**” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **“Grid Note”)**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

   (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

   (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

   (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

   (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of “Advances” in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   “**Advances**” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a “Continued Advance”, as defined in Section 3.3(1), as applicable.”

2. The definition of “Commitment” in Section 1.1 of the Credit Agreement is amended by deleting “$975,000,000” and substituting “$475,000,000” therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   “**Continued Advance”** has the meaning specified in Section 3.3(1).

   “**Current Repayment Date**” has the meaning specified in Section 3.3(2).

   “**New Repayment Date**” has the meaning specified in Section 3.3(2).

4. Section 2.3 “Use of Proceeds” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes.”

5. Section 3.2 “Procedures for Advances” of the Credit Agreement is deleted in its entirety and replaced by the following:

   “(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days’ prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **“Grid Note”)**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

   (2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

   (3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

   (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

   (5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"; William Tan; Anthony Martinello
Cc:	Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Tuesday, October 10, 2017 2:10:29 PM

Thank you.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 2:07 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Re: Final Docs for FHP Credit Agreement and AA#10

Hi Lisa - hopefully we'll be in a position to provide an update on that tomorrow afternoon sometime.
Victor

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lisa Stein
Sent: Tuesday, October 10, 2017 12:09 PM
To: Victor Buza; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM

To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because

no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel

Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
2. Page 20. Delivered Via Email: CASHP@ofina.on.ca
3. Page 22. Delivered Via Email: CASHP@ofina.on.ca

OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter:

IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]

Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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

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From: Lisa Stein
To: "Victor Buza"; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Tuesday, October 10, 2017 12:09:31 PM

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept

Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
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FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

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OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

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1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
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Please let me know if these documents appear in order.
Regards,
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

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Thanks,

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

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Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

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Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
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each agreement

- print out two originals of each agreement and partially execute the agreements
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Please let me know if you have any concerns regarding any of the above.

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Sarah

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Tuesday, October 10, 2017 9:02:47 AM

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.

Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning –

send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

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Thanks,

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
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Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

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Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
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Subject: Touch Base

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From:	Lisa Stein
To:	"Victor Buza"; William Tan; Anthony Martinello
Cc:	Sarah Harris; John Kim
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Thursday, October 05, 2017 12:24:54 PM

As discussed this morning, we are okay with this revised paragraph and will add it to the latest execution version.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
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Sarah

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Wednesday, October 04, 2017 3:52:52 PM

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Hello Anthony and Victor,

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FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
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OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

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Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
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4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

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The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From:	Lisa Stein
To:	John Kim; Sarah Neville; William Tan
Cc:	Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 11:32:38 AM

To avoid crossed messaging, I think we should wait until tomorrow when everyone is available

---

From: John Kim
Sent: Wednesday, October 04, 2017 11:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

I agree as well. Today isn't good for me as I have an appointment this afternoon. Go ahead without me.

John

From: Lisa Stein
Sent: October-04-17 11:23 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

I agree with this approach. My schedule is open until 3 pm (I'm in meetings the rest of the afternoon).

From: Sarah Neville
Sent: Wednesday, October 04, 2017 11:20 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

My recommendation would be that the next step would be to set up a call today with counsel (Lisa and Victor) and clients (Anthony, William, Sarah and John) and discuss the Existing Agreement and inclusion of the intercept, but also to prioritize that the letter and the new line should be completed first. That way it can be determined if the intercept's inclusion in the $425 line is a deal breaker for IESO, if so, what their issues are or if they are just trying to confirm our position. Based on the outcome of that discussion a clear path forward could be identified hopefully quickly with everyone on the same page and we can clarify roles.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

I agree. Not sure staff should be having a call or exchange of emails with a "Senior Counsel" from another organization.

In my case, I had scheduled a call with Anthony and he invited Victor. I didn't know he was a Legal Cousel until William forwarded the email below.

John

From: Sarah Neville
Sent: October-04-17 10:46 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello – I know we are all focused on trying to get this done in as efficient manner as possible, but I think now is a good time to reset/refresh the dynamic. I should have picked up on this last week when I was monitoring John's e-mails, but I too got caught up in the task of getting the file moving and getting feedback from the other parties.

It is not appropriate in the ordinary course for counsel on one side to be speaking directly to clients on the other and vice versa. Will please respond to Anthony and copy Victor and Lisa on the communications. If you get communications directly from Victor, please forward to Lisa or I. If there are discussions with IESO, if their counsel is present Lisa or I should also be present.

Please let me know if there are questions or if you would like to discuss. Hopefully we are close to resolution on this.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 10:08 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Sarah,

I had a discussion early on with Anthony and Victor when we first floated the idea of a letter agreement. I would not say that I made a representation in that call as I left it vague as to how things come about without the intercept provision, i.e. amendments to extend the original facility. The discussion was exploratory.

I believe I have always discussed requiring the provision for both facilities.

All said, I didn't realize Victor was a lawyer.

I know we discussed some comfort about the lending policy at the time of the first Directive but think both facilities should be brought onside with the current policy.

John

William, I thought Sarah N. wanted to clarify this before responding to Victor?

From: Sarah Neville
Sent: October-04-17 9:56 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Joan - My preference is to also bring it into alignment with the current policy. But before we respond to IESO at what point was "grandfathering" discussed with IESO and what was the context of those discussions? If representations were made we need to deal with those in the response.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 9:52 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi William,

My view is that the existing facility should also be amended. Sarah N. can let us know her view as well. I would also indicate that the $2bn facility is more time sensitive.

When you respond to Victor, pls. copy me.

John

From: William Tan
Sent: October-04-17 9:46 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello John,

Victor would like some clarification with regards to the application of the intercept provision to the Existing Credit Facility. His understanding is that the provision only applies to the FHP Credit Facility and that the Existing Credit Facility is to be grandfather. Could you please respond to Victor on this matter?

"current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?"

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To:	Lisa Stein; Sarah Neville; William Tan
Cc:	Sarah Harris
Subject:	RE: Final Docs for FHP Credit Agreement and AA#10
Date:	Wednesday, October 04, 2017 11:28:31 AM

I agree as well. Today isn't good for me as I have an appointment this afternoon. Go ahead without me.

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From: Lisa Stein
Sent: October-04-17 11:23 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

I agree with this approach. My schedule is open until 3 pm (I'm in meetings the rest of the afternoon).

From: Sarah Neville
Sent: Wednesday, October 04, 2017 11:20 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

My recommendation would be that the next step would be to set up a call today with counsel (Lisa and Victor) and clients (Anthony, William, Sarah and John) and discuss the Existing Agreement and inclusion of the intercept, but also to prioritize that the letter and the new line should be completed first. That way it can be determined if the intercept's inclusion in the $425 line is a deal breaker for IESO, if so, what their issues are or if they are just trying to confirm our position. Based on the outcome of that discussion a clear path forward could be identified hopefully quickly with everyone on the same page and we can clarify roles.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

I agree. Not sure staff should be having a call or exchange of emails with a "Senior Counsel" from another organization.

In my case, I had scheduled a call with Anthony and he invited Victor. I didn't know he was a Legal Cousel until William forwarded the email below.

John

From: Sarah Neville
Sent: October-04-17 10:46 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello – I know we are all focused on trying to get this done in as efficient manner as possible, but I think now is a good time to reset/refresh the dynamic. I should have picked up on this last week when I was monitoring John's e-mails, but I too got caught up in the task of getting the file moving and getting feedback from the other parties.

It is not appropriate in the ordinary course for counsel on one side to be speaking directly to clients on the other and vice versa. Will please respond to Anthony and copy Victor and Lisa on the communications. If you get communications directly from Victor, please forward to Lisa or I. If there are discussions with IESO, if their counsel is present Lisa or I should also be present.

Please let me know if there are questions or if you would like to discuss. Hopefully we are close to resolution on this.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 10:08 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Sarah,

I had a discussion early on with Anthony and Victor when we first floated the idea of a letter agreement. I would not say that I made a representation in that call as I left it vague as to how things come about without the intercept provision, i.e. amendments to extend the original facility. The discussion was exploratory.

I believe I have always discussed requiring the provision for both facilities.

All said, I didn't realize Victor was a lawyer.

I know we discussed some comfort about the lending policy at the time of the first Directive but

think both facilities should be brought onside with the current policy.

John

William, I thought Sarah N. wanted to clarify this before responding to Victor?

From: Sarah Neville
Sent: October-04-17 9:56 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Joan - My preference is to also bring it into alignment with the current policy. But before we respond to IESO at what point was "grandfathering" discussed with IESO and what was the context of those discussions? If representations were made we need to deal with those in the response.

Sarah

From: John Kim
Sent: Wednesday, October 04, 2017 9:52 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi William,

My view is that the existing facility should also be amended. Sarah N. can let us know her view as well. I would also indicate that the $2bn facility is more time sensitive.

When you respond to Victor, pls. copy me.

John

From: William Tan
Sent: October-04-17 9:46 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello John,

Victor would like some clarification with regards to the application of the intercept provision to the

Existing Credit Facility. His understanding is that the provision only applies to the FHP Credit Facility and that the Existing Credit Facility is to be grandfather. Could you please respond to Victor on this matter?

"current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?"

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

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Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
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OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
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3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM

To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From: Sarah Harris
To: Lisa Stein
Cc: William Tan
Subject: RE: Final Docs for FHP Credit Agreement and AA#10
Date: Friday, October 27, 2017 1:42:49 PM

Hi Lisa,

FYI – Will is at a goodbye lunch for Kelly Listoe who is retiring. He will forward you a draft e-mail for Anthony and Victor outline timelines for execution when he isback from lunch.

Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, October 26, 2017 6:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We are still finalizing AA#10. We will send it to you either tomorrow or early next week.

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, October 26, 2017 5:45 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Lisa – just wanted to check whether the latest version of AA#10 was ever sent across for our review or whether you were still waiting on finalization of the FHP Credit Agreement ? I can't seem to find anything in my system.
I would like to review the additions to the Permitted Liens language in AA#10 asap even if the addition of the Intercept language is not final.
Thanks,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 10, 2017 12:10 PM

To: Victor Buza; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Feel free to call if you have any questions.

Regards,
Victor

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OFA IESO Amending Agreement No. 10
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Victor

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Regards,
Victor
416-969-6079

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Cc: William Tan; Lisa Stein
Subject: Touch Base

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Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement

- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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

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From: Lisa Stein
To: William Tan
Subject: RE: Final FHP directives
Date: Thursday, August 03, 2017 12:48:16 PM

Thank you. I'm only looking for the new directive regarding the decrease in the credit facility.

From: William Tan
Sent: Thursday, August 03, 2017 12:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Final FHP directives

Hi Lisa,

Please find the FHP related directive. I've attached Salman's email that has the previous directives for the existing credit facility.
I'll see if I can find final copies for the OFA Board materials.

From: Lisa Stein
Sent: Thursday, August 03, 2017 12:28 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Final FHP directives

Hi Will,

Can you please send me electronic copies of the final executed versions of the IESO FHP directive and the IESO line of credit amending agreement directive? We will require final copies for the OFA Board.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	Lisa Stein
To:	John Kim
Subject:	RE: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 5:04:31 PM

okay

From: John Kim
Sent: Tuesday, October 24, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

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Please copy me on your e-mail to Victor.

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Please keep Gadi in the loop on this. I will keep Ron in the loop.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Regards,
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Date:	Tuesday, October 24, 2017 5:03:14 PM

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To:	John Kim; Sarah Neville; Sarah Harris; William Tan
Cc:	Anna Strathy; Gavin He
Subject:	RE: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 5:01:55 PM

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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We recognize that the on-going discussions with the OPG Trust about a possible grant of security over IESO's assets in connection with implementing the Fair Hydro Plan may result in the need for further amendments to the OFA-IESO credit agreements. However, we propose to amend the agreements as needed once we actually know what, if anything, is required in this regard.

We would appreciate it is OFA could let us know if it agrees with the above approach by Thursday this week in order that we may each proceed to take the steps required to finalize and execute the agreements, and maintain the timely funding of IESO's needs.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From:	John Kim
To:	Lisa Stein; Sarah Neville; Sarah Harris; William Tan
Cc:	Anna Strathy; Gavin He
Subject:	RE: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 4:59:57 PM

Ok, thanks….it is a bit scary sounding but I can live with that.

From: Lisa Stein
Sent: Tuesday, October 24, 2017 4:57 PM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Hi John,

I've made a couple of minor edits to your suggested response, below, based on Sarah's e-mail. Based on your earlier e-mail, I will update Amending Agreement #10 to include intercept language as well.

Please copy me on your e-mail to Victor.

Thank you,

Lisa

From: John Kim
Sent: Tuesday, October 24, 2017 4:50 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Okay, I will act on that. I could let them know the following:

"With timely execution of the letter agreement by all parties, we will move to conclude the FHP credit facility agreement and amending agreement #10 by November 1st. Also, future amendments to these agreements would have to be considered when known at the time. The OFA will not make any assurances or representations to the IESO that such amendments would be made as a matter of right."

Would you suggest any edits to this response?

John

From: Sarah Neville
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To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Hi John – I agree with Lisa.

We can agree to move forward to conclude the agreements with the intercept by November 1 (assuming all parties agree) and assuming we also get the letter.

Future amendments would have to be considered when known at the time with no assurance or representation made to IESO in the interim that that such amendments will be made as a matter of right. That is why we added the entire agreement clause.

The risk to this path as I see it is that if a future amendment requested by IESO requires a directive, and there is a real possibility that it may, given OPG's current position, this directive may be a challenge to obtain or not obtainable.

Sarah

From: Lisa Stein
Sent: Tuesday, October 24, 2017 4:32 PM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

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Ontario Financing Authority
416-325-2320

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Please keep Gadi in the loop on this. I will keep Ron in the loop.

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Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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From: Lisa Stein
To: John Kim; Sarah Neville; Sarah Harris; William Tan
Cc: Anna Strathy; Gavin He
Subject: RE: Finalization of OFA-IESO Credit Agreements
Date: Tuesday, October 24, 2017 4:56:50 PM

Hi John,

I've made a couple of minor edits to your suggested response, below, based on Sarah's e-mail. Based on your earlier e-mail, I will update Amending Agreement #10 to include intercept language as well.

Please copy me on your e-mail to Victor.

Thank you,

Lisa

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

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Would you suggest any edits to this response?

John

From: Sarah Neville
Sent: Tuesday, October 24, 2017 4:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Hi John – I agree with Lisa.

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Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Finalization of OFA-IESO Credit Agreements

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Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Finalization of OFA-IESO Credit Agreements

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From:	John Kim
To:	Sarah Neville; Lisa Stein; Sarah Harris; William Tan
Cc:	Anna Strathy; Gavin He
Subject:	RE: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 4:49:38 PM

Okay, I will act on that. I could let them know the following:

"With timely execution of the letter agreement, we will move to conclude the credit facilities agreements. Also, future amendments would have to be considered when known at the time with no assurance or representation made to IESO in the interim."

Would you suggest any edits to this response?

John

From: Sarah Neville
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To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Hi John – I agree with Lisa.

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Sent: Tuesday, October 24, 2017 4:32 PM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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To:	Lisa Stein; John Kim; Sarah Harris; William Tan
Cc:	Anna Strathy; Gavin He
Subject:	RE: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 4:46:13 PM

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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From:	John Kim
To:	Lisa Stein; Sarah Neville; Sarah Harris; William Tan
Cc:	Anna Strathy; Gavin He
Subject:	RE: Finalization of OFA-IESO Credit Agreements
Date:	Tuesday, October 24, 2017 4:35:18 PM

That is my understanding, yes, that the letter agreement will be done for the intercept.

Sure, on your view on the internal approval processes.

From: Lisa Stein
Sent: Tuesday, October 24, 2017 4:32 PM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Finalization of OFA-IESO Credit Agreements

Hi John,

There is no mention in Victor's e-mail about the letter agreement or the intercept provisions. Is he proposing that we finalize the agreements with the intercept provisions included? In this case, the letter agreement will need to be signed first and we will need to tweak the amending agreement.

As we have previously discussed, we are not willing to make assurances regarding further future amendments, especially regarding the intercept requirement. This is the reason I had added in the "Entire Agreement" clause. In my view it is not appropriate to discuss our internal approval processes with the IESO.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: John Kim
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To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Finalization of OFA-IESO Credit Agreements

Fyi, and pls. let me know if any concern.

Victor's comments seem reasonable to me. They are indicating that the discussion between OPG Trust and IESO has not settled. I do think about any risks that could result from continuing to go down this path and not sure I can come up with any. I wouldn't mind a reiteration from Legal back to Victor on the due process and approvals required on any future amendments to the credit facility or facilities in place [when the discussion between OPG Trust and IESO conclude].

Please keep Gadi in the loop on this. I will keep Ron in the loop.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Finalization of OFA-IESO Credit Agreements

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As discussed, we need urgently to finalize these credit agreements in order to avoid a funding shortfall for IESO in November relating to implementing the FHP. There will not be sufficient room under the existing OFA credit agreement – with its commitment of $975 million – to fund the amounts required by IESO in this regard.

Given this urgent funding need, we propose that OFA and IESO finalize the current drafts of the credit agreements and have them executed by both parties no later than Wednesday, November 1 in order to ensure that funds will be available for drawing by IESO in November.

We recognize that the on-going discussions with the OPG Trust about a possible grant of security over IESO's assets in connection with implementing the Fair Hydro Plan may result in the need for further amendments to the OFA-IESO credit agreements. However, we propose to amend the agreements as needed once we actually know what, if anything, is required in this regard.

We would appreciate it is OFA could let us know if it agrees with the above approach by Thursday this week in order that we may each proceed to take the steps required to finalize and execute the agreements, and maintain the timely funding of IESO's needs.

Regards,
Victor

Victor Buza | Senior Counsel

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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
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From: John Kim
To: "Victor Buza"
Cc: Anthony Martinello; Michael Boll; Lisa Stein
Subject: RE: Finalization of OFA-IESO Credit Agreements
Date: Tuesday, October 24, 2017 5:05:53 PM

Hi Victor,

With timely execution of the letter agreement by all parties, we will move to conclude the FHP credit facility agreement and amending agreement #10 by November 1st. Also, future amendments to these agreements would have to be considered when known at the time. The OFA will not make any assurances or representations to the IESO that such amendments would be made as a matter of right.

Let's aim to get the letter agreement done well before the end of this week.

Thanks,

John

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Sent: Tuesday, October 24, 2017 4:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Finalization of OFA-IESO Credit Agreements

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From: Salman Qadir
To: Lisa Stein
Subject: RE: IESO $2B Credit Facility - Minister"s Directive
Date: Friday, June 30, 2017 11:04:58 AM

Hi Lisa,

I don't have any precedents and only came to this conclusion based on what I've seen (and if we're really really worried, which I, myself, am not). I think its best to wait until we get closer to the date before making any significant changes – at best, we will get the amending agreement completed next week at the $475 million level without it being breached. Sarah H's group is doing the agreement, so my involvement has been minimal at the moment and only offering a suggestion if we are really concerned.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:58 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Do you have a precedent for such an amending agreement? I'm happy to draft such amendments or review a black-line. Or, should we wait on revising the amending agreement until closer to the time (to see how much has been drawn down)? Please advise how you would like to proceed.

Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:36 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa.

I will send an FYI to Carlos as I believe CMD processes their borrowing requests – and that can be an initial flag that the amount outstanding is approaching the $475 million.

Alternatively (just a thought based on what I have seen in the past): the amending agreement, since the amount is being reduced, should include a clause that if there is an amount outstanding above the new reduced credit limit ($475 million), IESO must repay within X business days (i.e. 3 business days). It can even go more strict that non-payment would constitute an event of default, furthermore, cross-default on all OFA credit facilities, which would include the $2 billion facility and hence, would stop any advances on all facilities.

I'll defer to others on this that may have more expertise in the matter, but I think we should be okay.

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To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Salman. I note that IESO's e-mail states that they are not 100% sure that they will NOT exceed the $475million. Please watch this amount carefully prior to the execution of the agreements as further amendments and internal approvals may be required if this is the case (as I've noted below and at our meeting).

Another option as discussed would be to ask IESO to sign an undertaking that they will not exceed the $475 million; however, given the e-mail below, it is unlikely that they will agree to this approach.

Happy to discuss further,

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Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa – will do.

Please see attached, the email from IESO.

Regards,
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From: Lisa Stein
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To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.

I've briefed Sarah N. on this file in the event that we receive comments back on the agreements when I'm away (July 7th-19th).

Thank you,

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

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To:	Salman Qadir
Cc:	Sarah Harris; Bruno Amara; Sarah Neville
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Friday, June 30, 2017 10:24:35 AM

Thanks Salman. I note that IESO's e-mail states that they are not 100% sure that they will NOT exceed the $475million. Please watch this amount carefully prior to the execution of the agreements as further amendments and internal approvals may be required if this is the case (as I've noted below and at our meeting).

Another option as discussed would be to ask IESO to sign an undertaking that they will not exceed the $475 million; however, given the e-mail below, it is unlikely that they will agree to this approach.

Happy to discuss further,

Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:03 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa – will do.

Please see attached, the email from IESO.

Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 3:19 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.

I've briefed Sarah N. on this file in the event that we receive comments back on the agreements when I'm away (July 7th-19th).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?

Thank you again for your help with this,
Salman

From:	Salman Qadir
To:	Lisa Stein
Cc:	Sarah Harris; Bruno Amara; Sarah Neville
Subject:	RE: IESO $2B Credit Facility - Minister"s Directive
Date:	Friday, June 30, 2017 10:02:45 AM
Attachments:	RE IESO OFA new FH credit facility.msg

Thanks Lisa – will do.

Please see attached, the email from IESO.

Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 3:19 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

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From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO $2B Credit Facility - Minister's Directive

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Thank you again for your help with this,
Salman

From: Anthony Martinello [Anthony.Martinello@ieso.ca]
To: William Tan [William.Tan@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Victor Buza [Victor.Buza@ieso.ca]
Subject: RE: IESO : OFA new FH credit facility
Date: Wednesday, June 28, 2017 12:35:18

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.

The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From: Lisa Stein
To: Salman Qadir
Cc: Sarah Harris; Bruno Amara; Sarah Neville
Subject: RE: IESO $2B Credit Facility - Minister"s Directive
Date: Thursday, June 29, 2017 3:18:35 PM

Hi Salman,

Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.

I've briefed Sarah N. on this file in the event that we receive comments back on the agreements when I'm away (July 7th-19th).

Thank you,

Lisa

Lisa N. Stein
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From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?

Thank you again for your help with this,
Salman

From: Lisa Stein
To: Salman Qadir
Cc: Sarah Harris; Sarah Neville
Subject: RE: IESO $2B Credit Facility - Minister"s Directive
Date: Friday, June 30, 2017 11:07:00 AM

Okay thank you Salman. Once the amending agreement is completed, they will not be able to draw down more than the $475 million. Ideally, this agreement will be executed before they exceed this amount. Please let me know if you would like to discuss further.

From: Salman Qadir
Sent: Friday, June 30, 2017 11:05 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

I don't have any precedents and only came to this conclusion based on what I've seen (and if we're really really worried, which I, myself, am not). I think its best to wait until we get closer to the date before making any significant changes – at best, we will get the amending agreement completed next week at the $475 million level without it being breached. Sarah H's group is doing the agreement, so my involvement has been minimal at the moment and only offering a suggestion if we are really concerned.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:58 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Do you have a precedent for such an amending agreement? I'm happy to draft such amendments or review a black-line. Or, should we wait on revising the amending agreement until closer to the time (to see how much has been drawn down)? Please advise how you would like to proceed.

Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:36 AM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa.

I will send an FYI to Carlos as I believe CMD processes their borrowing requests – and that can be an initial flag that the amount outstanding is approaching the $475 million.

Alternatively (just a thought based on what I have seen in the past): the amending agreement, since the amount is being reduced, should include a clause that if there is an amount outstanding above the new reduced credit limit ($475 million), IESO must repay within X business days (i.e. 3 business days). It can even go more strict that non-payment would constitute an event of default, furthermore, cross-default on all OFA credit facilities, which would include the $2 billion facility and hence, would stop any advances on all facilities.

I'll defer to others on this that may have more expertise in the matter, but I think we should be okay.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 30, 2017 10:25 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Salman. I note that IESO's e-mail states that they are not 100% sure that they will NOT exceed the $475million. Please watch this amount carefully prior to the execution of the agreements as further amendments and internal approvals may be required if this is the case (as I've noted below and at our meeting).

Another option as discussed would be to ask IESO to sign an undertaking that they will not exceed the $475 million; however, given the e-mail below, it is unlikely that they will agree to this approach.

Happy to discuss further,

Lisa

From: Salman Qadir
Sent: Friday, June 30, 2017 10:03 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah

Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Thanks Lisa – will do.

Please see attached, the email from IESO.

Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 3:19 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO $2B Credit Facility - Minister's Directive

Hi Salman,

Please provide the original to Joan. Also, did you receive a written confirmation of our call yesterday from IESO, as discussed? When received, we should re-confirm with them in writing, as we noted over the phone, that the $2B facility is contingent on the reduction of the existing $975M credit facility.

I've briefed Sarah N. on this file in the event that we receive comments back on the agreements when I'm away (July 7th-19th).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Salman Qadir
Sent: Thursday, June 29, 2017 2:48 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: IESO $2B Credit Facility - Minister's Directive

Hi Lisa,

The Minister of Finance approved the Minister's Directive for the OFA to lend to the IESO for up to $2 billion for FHP. Attached is the electronic copy. Do I provide the original to you or to Joan?

Thank you again for your help with this,
Salman

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: IESO $2B and $475M Credit Facilities
Date: Thursday, May 17, 2018 3:45:47 PM

Hi Will and Sarah,

Further to my earlier e-mails, if none of the requested documents are available from the IESO (i.e. by-law, delegation of signing authority, or signing authority resolution), we can also accept:

- A certificate from the IESO Corporate Secretary stating that the IESO CEO has signing authority (although this will be unlikely if there is no evidence of signing authority available); or,
- A signature under seal of the corporation

If none of the above are available, it will be a business decision as to whether the OFA is willing to accept borrowing notices that are not properly executed. It would likely be low risk, given that all of the other details are consistent with the terms of the agreement. However, this would not be a legal decision.

Happy to discuss further,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Lisa Stein
Sent: Thursday, May 17, 2018 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Please request it as well – it would be an alternative if the other two documents are not available.

From: William Tan

Sent: Thursday, May 17, 2018 3:38 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hi Lisa,

Sorry, I already requested the other two items below. Is the by-law a must have for now?

- a delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories); and/or,
- a general signing authority resolution of the IESO Board of Directors

---

From: Lisa Stein
Sent: Thursday, May 17, 2018 3:28 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

We should also ask if there is a by-law or other document in place providing authorization to the IESO CEO

From: Lisa Stein
Sent: Thursday, May 17, 2018 3:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

While we might require something like this, we first require evidence of signing authority.

Lisa

From: William Tan
Sent: Thursday, May 17, 2018 3:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Lisa,

Attached is a Certificate of Officer for IESO signed in 2015. Could we accept something like this?

Thanks,

Will

From: William Tan
Sent: Thursday, May 17, 2018 2:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Lisa,

As requested.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, May 17, 2018 2:48 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hi Will,

Please let me know when you are available for a call or meeting to discuss?

Thank you,

Lisa

From: William Tan
Sent: Thursday, May 17, 2018 2:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Lisa and Sarah N.,

On May 10, IESO notified us that Kimberly Marshall is no longer with the company (the only person we had documented to have signing authority). Anthony Martinello (IESO) was informed of the required documents to facilitate a new signatory. Yesterday, we received a Borrowing Notice with an advance date for tomorrow (May 18), signed by the their president and CEO. According to Anthony,

their legal department is working on providing us with the required documents. However, he has informed us that there is a real possibility that the required documents may not be provided by today or tomorrow.

Could you provide some guidance as to how to proceed if the documents are not received in time or options available to us?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 17, 2018 6:34 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Will,
I have requested our legal group to address your request and prepare an updated cert….it is pending.
I'm not sure this cert will be ready by today or tomorrow…let me know if this is a problem.
As for the IESO CEO signing the draw, the resolution you already have notes that the CFO delegate can sign and thus the IESO CEO (CFO's boss) is now signing the draws.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 10, 2018 3:12 PM
To: Anthony Martinello
Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Anthony,

As per our earlier conversation, we would require updated signing authority documents.

Please provide the following:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
2. Updated Incumbency Certificate.

Attached is an example of the documents.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 10, 2018 11:47 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO $2B and $475M Credit Facilities

Hi,

The IESO's CFO, Kim Marshall, is no longer with the IESO effective May-1-2018.

We are actively recruiting for a CFO, but no CFO and no acting CFO is yet named……the new CFO is not expected to be in place until July 2018.

For the $2B and $475MM facilities, we will be drawing on these next week……..are you ok if I sign the OFA notices or do you require the IESO CEO (remember no CFO is present).

Please advise.

Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 2:47:46 PM

Hi Will,

Please let me know when you are available for a call or meeting to discuss?

Thank you,

Lisa

From: William Tan
Sent: Thursday, May 17, 2018 2:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 3:38:41 PM

Please request it as well – it would be an alternative if the other two documents are not available.

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Sent: Thursday, May 17, 2018 3:38 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

We should also ask if there is a by-law or other document in place providing authorization to the IESO CEO

From: Lisa Stein
Sent: Thursday, May 17, 2018 3:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

While we might require something like this, we first require evidence of signing authority.

Lisa

From: William Tan
Sent: Thursday, May 17, 2018 3:19 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Lisa,

Attached is a Certificate of Officer for IESO signed in 2015. Could we accept something like this?

Thanks,

Will

From: William Tan
Sent: Thursday, May 17, 2018 2:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Lisa,

As requested.

Thanks,

Will

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hi Will,

Please let me know when you are available for a call or meeting to discuss?

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Subject: FW: IESO $2B and $475M Credit Facilities

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 17, 2018 6:34 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

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Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 10, 2018 3:12 PM
To: Anthony Martinello
Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Anthony,

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Please provide the following:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
2. Updated Incumbency Certificate.

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To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: IESO $2B and $475M Credit Facilities
Date: Thursday, May 17, 2018 3:37:59 PM

Hi Lisa,

Sorry, I already requested the other two items below. Is the by-law a must have for now?

- a delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories); and/or,
- a general signing authority resolution of the IESO Board of Directors

---

From: Lisa Stein
Sent: Thursday, May 17, 2018 3:28 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 3:28:25 PM

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Sent: Thursday, May 17, 2018 3:22 PM
To: William Tan <William.Tan@ofina.on.ca>
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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 3:21:57 PM

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 3:20:50 PM

Hi Will,

Further to our discussion, can you please request the following documents from the IESO:

- a delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories); and/or,
- a general signing authority resolution of the IESO Board of Directors

Thank you,

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From: Lisa Stein
Sent: Thursday, May 17, 2018 2:58 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Just to clarify – was there a CFO in place at some point in time who delegated signing authority to the IESO CEO?

From: Lisa Stein
Sent: Thursday, May 17, 2018 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Do we have a copy of the CFO delegation?

From: William Tan
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Attached is an example of the documents.

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Sent: Thursday, May 10, 2018 11:47 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO $2B and $475M Credit Facilities

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Please advise.

Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 2:57:37 PM

Just to clarify – was there a CFO in place at some point in time who delegated signing authority to the IESO CEO?

From: Lisa Stein
Sent: Thursday, May 17, 2018 2:55 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Do we have a copy of the CFO delegation?

From: William Tan
Sent: Thursday, May 17, 2018 2:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Lisa,

As requested.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, May 17, 2018 2:48 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hi Will,

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Thank you,

Lisa

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Could you provide some guidance as to how to proceed if the documents are not received in time or options available to us?

Thanks,

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Regards.

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 2:54:31 PM

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: IESO $2B and $475M Credit Facilities
Date:	Thursday, May 17, 2018 2:51:26 PM
Attachments:	FHP Credit Agreement OFA IESO - Nov 6, 2017 - IESO Signed.pdf Certified IESO Brd Resol"n June 14_17 re Credit Facilities and Incumb Ce....pdf

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6th day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

" Resolution of the Board of Directors
Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 million and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS ...[Recital redacted]...

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility ...**[Redacted]**... on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true, redacted copy of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
November 6th, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 6th day of November, 2017.

John Rattray
General Counsel, Secretary and Chief
Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 6th day of November, 2017.

K Marshall

Kimberly Marshall
Vice President, Corporate Services; Chief
Financial Officer and Treasurer

From: Sarah Harris
To: William Tan; Lisa Stein
Subject: RE: IESO $2B and $475M Credit Facilities
Date: Friday, May 18, 2018 11:06:17 AM

HI Will,

I am fine with what IESO has provided, have circulated the notices and have provided Lisa with the update. We're good to go.

Thanks,
Sarah

From: William Tan
Sent: Friday, May 18, 2018 11:03 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Fwd: IESO $2B and $475M Credit Facilities

Hello Lisa,

Olga (IESO) provided the borrowing notices with signature under company seal. Do you mind reviewing the attached and commenting if you have any concerns?

Thanks,

Will

Sent from my iPhone

Begin forwarded message:

> **From:** "Olga Whiteley" <Olga.Whiteley@ieso.ca>
> **To:** "William Tan" <William.Tan@ofina.on.ca>, "Sarah Harris" <Sarah.Harris@ofina.on.ca>
> **Cc:** "Anthony Martinello" <Anthony.Martinello@ieso.ca>, "Victor Buza" <Victor.Buza@ieso.ca>
> **Subject: RE: IESO $2B and $475M Credit Facilities**
>
> Hello Will and Sarah,
> Please see attached borrowing notices with IESO's corporate seal applied to Peter Gregg's signature (CEO). I will forward the originals to you on Monday.
> Thank you very much for your help with all this.
> Regards.
>
> **Olga Whiteley** | Treasury and Pension Operations

Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 17, 2018 3:54 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Anthony and Olga,

I apologise for the multiple emails. I have additional solutions as I am having a fluid conversation with my legal department.

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO CEO.
5. A certificate from the IESO Corporate Secretary stating that the IESO CEO has signing authority.
6. A signature under seal of the corporation.

Thanks,

Will

From: William Tan
Sent: Thursday, May 17, 2018 3:27 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Olga Whiteley' <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Anthony,

Can you please request the following documents from your legal department:

1. a delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories); and/or,
2. a general signing authority resolution of the IESO Board of Directors

Thank you,

Will

From: William Tan
Sent: Thursday, May 17, 2018 2:10 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Hello Anthony,

Unfortunately the documents required are key documents. Could you please check on the status of the documents? I will seek any possible solutions from my end.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 17, 2018 6:34 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO $2B and $475M Credit Facilities

Will,
I have requested our legal group to address your request and prepare an updated cert….it is pending.
I'm not sure this cert will be ready by today or tomorrow…let me know if this is a problem.
As for the IESO CEO signing the draw, the resolution you already have notes that the CFO delegate can sign and thus the IESO CEO (CFO's boss) is now signing the draws.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: May 10, 2018 3:12 PM
To: Anthony Martinello
Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
Subject: FW: IESO $2B and $475M Credit Facilities

Hello Anthony,

As per our earlier conversation, we would require updated signing authority documents.

Please provide the following:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
2. Updated Incumbency Certificate.

Attached is an example of the documents.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, May 10, 2018 11:47 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: IESO $2B and $475M Credit Facilities

Hi,

The IESO's CFO, Kim Marshall, is no longer with the IESO effective May-1-2018.

We are actively recruiting for a CFO, but no CFO and no acting CFO is yet named……the new CFO is not expected to be in place until July 2018.

For the $2B and $475MM facilities, we will be drawing on these next week……..are you ok if I sign the OFA notices or do you require the IESO CEO (remember no CFO is present).

Please advise.

Regards.

Anthony Martinello CPA CA, CFA
Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	Anthony Martinello
To:	William Tan
Cc:	Sarah Harris; Victor Buza; Lisa Stein
Subject:	RE: IESO - Credit facility balances/requirments
Date:	Tuesday, August 08, 2017 10:02:30 AM

IESO will give formal notice on Aug 17 for the funds to be deposited on Aug 21.
I do not know the exact amount as of yet.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 08, 2017 9:57 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: FW: IESO - Credit facility balances/requirments

Good morning Anthony,

Thank you for the detailed figures, it has helped tremendously.

Exactly, when will you require the new $250 million to be advanced?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, July 26, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Subject: RE: IESO - Credit facility balances/requirments

William,

1.
As of July 26, we have OFA credit o/s of:

1. RPP (Fair Hydro) amount o/s = $246.5 million
2. RRRP amount o/s = $6.6 million

2.
Assuming August is $250 million this will increase the RPP (Fair Hydro) amount to = $496.5 million.

Plus any RRRP or other credit needs that may result during August.

3.
The transfer of the RPP (Fair Hydro) amounts to the "Financing Entity" is now expected to occur sometime during Sept/Oct.
For forecasting, you can assume $200-$250 million per month added to the RPP (Fair Hydro) balance.

Regards

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 4:04 PM
To: Anthony Martinello
Subject: IESO - Credit facility balances/requirments

Hi Anthony,

I trying to understand your drawing requirements.

Question regarding the email below and amounts needed for mid-August.
Currently, under the existing credit facility of $975 million a balance of combined balance of:

1. RRRP: July 21 – Repayment Date Aug 21 - $2,231,912.78
   RPP: July 21, Repayment Date Aug 21 - $136,581,867.69 or $138,813,780.47

   I don't see the requirements of $260 million?

2. In mid-August if you add another $200-$250 million, what will be the new balance?

3. Can you explain the sale of the Financing Entity made in May, June, July that you expect in August?

Call me if it's easier for you. 416-325-8090.

Will

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From:	Ryan Blackbyrne
To:	"Anthony Martinello"
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein; Victor Buza
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, December 07, 2017 4:00:03 PM
Attachments:	$160M revolving credit - amending agreement no.7(Executed).pdf $120M Note - amending agreement no.7(Executed).pdf

Hi Anthony,

Please find pdf versions of the fully executed agreements attached. I will courier you back 2 originals (1 for each agreement).

Please confirm this is the address I should use:

Anthony Martinello
IESO
2635 Lakeshore Rd W
Mississauga, ON
L5J 4R9

Thanks,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, December 05, 2017 12:31 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Kim Marshall has signed the 4 originals, and IESO has couriered them to you re:

Purolator #: 331249983072

Regards.

From: Anthony Martinello
Sent: December 04, 2017 2:44 PM
To: 'Ryan Blackbyrne'; Victor Buza
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Good news, IESO has nothing further. Therefore, let's proceed to execution.

Call me to discuss.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 30, 2017 4:37 PM
To: Victor Buza; Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Victor,

We have reviewed and approved the changes you made to the drafts. We having nothing further to add. Are there any other revisions you wish to make before preparing execution copies?

Thank You,
Ryan

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 29, 2017 6:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated

Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the 5th day of December, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the 5th day of December, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting the "." at the end of paragraph (k) and replacing it with "; and"; and adding the following new paragraph (l):

   (l) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

From: Ryan Blackbyrne
To: Lisa Stein
Cc: Jean-Francois Beaupre
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 1:11:42 PM

Hi Lisa,

I just sent you the deletions you were referring to in the body of an email.

We have reviewed from a business perspective and are happy to proceed with Victor's edits to both agreements.

Please let us know if you have any comments.

Thank You,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:04 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?

Thank you

Lisa

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne

Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

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Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

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1.DRAFT
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"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without

limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions

contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Ryan Blackbyrne
To: Lisa Stein
Cc: Jean-Francois Beaupre
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 1:08:56 PM
Attachments: image004.png
image005.png
image006.png
image007.png

Hi Lisa,

For the $160 revolving credit facility:

2. Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

   (4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

Section 3.2(4):

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

From: Ryan Blackbyrne
Sent: Thursday, November 30, 2017 1:06 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Lisa,

For the $120M Note:

. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

   (2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

In the Original agreement Subsection 2.2(2):

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I've just sent you an email regarding the additional deletion.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 12:01 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"
>
> In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..
>
> Thank You,
> Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:50 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Please see questions from my earlier email. Was there another deletion?

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:33 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,

I spoke to JF and we are fine with moving forward with deleting this paragraph. We understand it's a business decision.

Did you have any other concerns with either note?

Thanks,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:28 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
>
> From Victor Buza's email:
>
> "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)"
> <image001.png>
>
> <image002.png>
> <image003.png>
>
> Thanks,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 10:58 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?
>
> Thank you,
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Victor Buza <Victor.Buza@ieso.ca>
> > **Date:** November 29, 2017 at 6:49:40 PM EST
> > **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> > **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> > **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
> >
> > Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
> >
> > The main adders that I have included track the language in the recently executed FHP Credit Facility.
> >
> > Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)
> >
> > We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.
> >
> > Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay

to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Ryan Blackbyrne
To: Lisa Stein
Cc: Jean-Francois Beaupre
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 1:06:30 PM
Attachments: image001.png
image002.png
image003.png

Hi Lisa,

For the $120M Note:

. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:
(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

In the Original agreement Subsection 2.2(2):

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I've just sent you an email regarding the additional deletion.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 12:01 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"
>
> In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..
>
> Thank You,
> Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:50 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Please see questions from my earlier email. Was there another deletion?

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:33 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I spoke to JF and we are fine with moving forward with deleting this paragraph. We understand it's a business decision.
>
> Did you have any other concerns with either note?
>
> Thanks,
> Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:28 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
>
> From Victor Buza's email:
>
> "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)"
> <image001.png>
>
> <image002.png>
> <image003.png>
>
> Thanks,
> Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 10:58 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>

Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?

Thank you,

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
> Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
>
> The main adders that I have included track the language in the recently executed FHP Credit Facility.
>
> Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)
>
> We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.
>
> Regards,
> Victor
>
> **Victor Buza** | Senior Counsel
> Independent Electricity System Operator (IESO) | T: 416-969-6079
> 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
> Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
>
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Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

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Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

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Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

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(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Ryan Blackbyrne
To: Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 12:01:09 PM

Hi Lisa,

There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"

In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..

Thank You,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:50 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Please see questions from my earlier email. Was there another deletion?

Thank you,

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Sent from my iPhone

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> <image001.png>
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> Ryan
>
> ---
>
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> **Sent:** Thursday, November 30, 2017 10:58 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>

Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

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> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
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Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello
[mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM

To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

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From: Ryan Blackbyrne
To: Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 11:33:50 AM

Hi Lisa,

I spoke to JF and we are fine with moving forward with deleting this paragraph. We understand it's a business decision.

Did you have any other concerns with either note?

Thanks,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:28 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
>
> From Victor Buza's email:
>
> "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the

Revolving Credit Agreement.)"
<image001.png>

<image002.png>
<image003.png>

Thanks,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 10:58 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?

Thank you,

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> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
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We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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To: Lisa Stein
Cc: Jean-Francois Beaupre
Subject: RE: IESO – OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 11:17:45 AM
Attachments: image001.png
image002.png
image003.png

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(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

Thanks,
Ryan

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Victor Buza | Senior Counsel
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and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From:	Victor Buza
To:	Ryan Blackbyrne; Anthony Martinello
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Wednesday, November 29, 2017 6:49:51 PM
Attachments:	$160M revolving credit - amending agreement no.7 Nov29 IESO Legal Comments.docx $120M Note - amending agreement no.7 Nov29 IESO incl Legal Comments.docx

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or

receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.

If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro

implementation.
Regards.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to ~~now~~ amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph ~~subsection~~

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~~1.1~~(j); deleting~~replacing~~ the "." at the end of paragraph~~subsection (1.1~~ (k) and replacing it with "; and"; and adding the following new paragraph ~~subsection 1.1~~(l):

(l) any~~Any~~ Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

(4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

~~4.~~5. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under OFHP shall be deemed not to be a material adverse change for the purposes of this section; and

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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Commented [RB1]: See Amending Agreement No.6 dated April 1, 2017. The amendment to paragraph 3.6(c) at that time referenced "Ontario's Fair Hydro Plan". Since the Ontario Fair Hydro Plan Act, 2017 has since come into force on June 1, 2017 it is appropriate to update this paragraph with reference to the Act.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the [DATE], 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to ~~now~~ amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph~~subsection 1.1~~ (j); deleting~~replacing~~ the "." at the end of paragraph ~~subsection (1.1~~ (k) and replacing it with "; and"; and adding the following new paragraph ~~subsection 1.1~~(l):

   (l) any~~Any~~ Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without

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limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

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From: Lisa Stein
To: Ryan Blackbyrne
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Wednesday, December 06, 2017 10:12:41 AM

Hi Ryan,

Please provide me with electronic versions of signed originals for my file. Originals can be provided to Joan for storage in the safe.

Thank you,

Lisa

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, December 05, 2017 12:31 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Kim Marshall has signed the 4 originals, and IESO has couriered them to you re:

Purolator #: 331249983072

Regards.

From: Anthony Martinello
Sent: December 04, 2017 2:44 PM
To: 'Ryan Blackbyrne'; Victor Buza
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Good news, IESO has nothing further. Therefore, let's proceed to execution.

Call me to discuss.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 30, 2017 4:37 PM
To: Victor Buza; Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Victor,

We have reviewed and approved the changes you made to the drafts. We having nothing further to add. Are there any other revisions you wish to make before preparing execution copies?

Thank You,
Ryan

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 29, 2017 6:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

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We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

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Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

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Sent: Monday, November 27, 2017 2:50 PM
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Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

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Regards.

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Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza

Subject: IESO - OEFC Nov 7

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2.DRAFT
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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
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The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

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We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
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From:	Anthony Martinello
To:	Ryan Blackbyrne
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein; Victor Buza
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Tuesday, December 05, 2017 12:31:31 PM
Attachments:	160M - Revolving Credit Amending Agreement No 7_signed Kim Marshall.pdf 120M Note - Amending Agreement No 7_signed Kim Marshall.pdf

Ryan – Kim Marshall has signed the 4 originals, and IESO has couriered them to you re:

Purolator #: 331249983072

Regards.

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Anthony Martinello Director, Treasury & Pension Operations
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Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Victor,

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Thank You,
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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 29, 2017 6:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Anthony Martinello

<Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

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Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
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Toronto, ON M7A 1Y7
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ryan.blackbyrne@ofina.on.ca

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Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

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"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

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If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the 5th day of December, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of the term "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting

the "." at the end of paragraph (k) and replacing it with "; and"; and adding the following new paragraph (l):

(l) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

(4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

5. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under OFHP shall be deemed not to be a material adverse change for the purposes of this section; and

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: K Marshall
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the 5th day of December, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties now wish to amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "**Clean Energy Adjustment**" has the same meaning as that term is defined in the OFHP.

   "**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of paragraph (j); deleting the "." at the end of paragraph (k) and replacing it with "; and"; and adding the following new paragraph (l):

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lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

3. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:

(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

4. Delete the paragraph following the heading "Section 3.7 Other Indebtedness" and replace with the words "Intentionally Left Blank".

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

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By: K Marshall
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

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From:	Anthony Martinello
To:	Ryan Blackbyrne; Victor Buza
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Monday, December 04, 2017 2:44:26 PM

Ryan – Good news, IESO has nothing further. Therefore, let's proceed to execution.

Call me to discuss.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 30, 2017 4:37 PM
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To:	Ryan Blackbyrne; Victor Buza
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Friday, December 01, 2017 10:32:07 AM

Thanks Ryan.

Victor is reviewing and will advise me later today or Monday.
The signing of the OPG Trust docs has been postponed until mid next week, and thus we do not need to sign our amendment docs today.

Regards.

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For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
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The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment

through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From:	Ryan Blackbyrne
To:	"Victor Buza"; Anthony Martinello
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, November 30, 2017 4:37:17 PM

Hi Victor,

We have reviewed and approved the changes you made to the drafts. We having nothing further to add. Are there any other revisions you wish to make before preparing execution copies?

Thank You,
Ryan

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 29, 2017 6:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

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Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

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2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification

by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

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If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

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From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Jean-Francois Beaupre; Tobias P. Whitfield (MOF)
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, November 30, 2017 4:26:18 PM

Thanks Lisa. Appreciate all your help. I will let Anthony and Victor know.

From: Lisa Stein
Sent: Thursday, November 30, 2017 4:24 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

As discussed, the IESO's proposed amendments are consistent with the "permitted liens" language from the OFA FHP credit facility agreement.

I've now discussed this language with Toby (from MOF legal) and have noted that CEFD and Capital Markets are already aware of the rationale and risks involved with these proposed amendments (i.e priority of claims, which you have identified as low/uncertain as per the draft briefing note).

As such, these additional amendments are acceptable from a legal perspective.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 2:04 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I believe the corresponding clause you are referring to is subsection 3.3(6) of the attached OFA FHP agreement.
>
> This is the clause:
> <image001.png>
>
> Thank You,
> Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 1:55 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Thank you. Can you please send me the corresponding clause from the OFA FHP agreement?

Sent from my iPhone

On Nov 30, 2017, at 1:11 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I just sent you the deletions you were referring to in the body of an email.
>
> We have reviewed from a business perspective and are happy to proceed with Victor's edits to both agreements.
>
> Please let us know if you have any comments.
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 12:04 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?
>
> Thank you
>
> Lisa
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Victor Buza <Victor.Buza@ieso.ca>

Date: November 29, 2017 at 6:49:40 PM EST
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

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We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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message.

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

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Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
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Subject: IESO - OEFC Nov 7

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Regards.

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<FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf>

From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 3:53:23 PM
Attachments: image001.png
image002.png
image003.png
image004.png

Lisa – I am available to chat.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 30, 2017 2:30 PM
To: Whitfield, Tobias P. (MOF)
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Toby,

If you have time this afternoon, I would appreciate your view on the proposed amendment below to a credit agreement between OEFC and the IESO in relation to the FHP. The purpose is to bring these provisions in line with the OFA IESO FHP credit facility agreement, which we have previously discussed.

Thank you,

Lisa

Sent from my iPhone

Begin forwarded message:

From: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Date: November 30, 2017 at 1:08:55 PM EST
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Lisa,

For the $160 revolving credit facility:

2. Subsection 3.2(4) of the Agreement is deleted and replaced by the following:

(4) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 4.7(a) through (e) hereof.

Section 3.2(4):

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

From: Ryan Blackbyrne
Sent: Thursday, November 30, 2017 1:06 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Lisa,

For the $120M Note:

. Subsection 2.2(2) of the Agreement is deleted and replaced by the following:
(2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.

In the Original agreement Subsection 2.2(2):

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I've just sent you an email regarding the additional deletion.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 12:01 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"
>
> In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..
>
> Thank You,
> Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:50 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Please see questions from my earlier email. Was there another deletion?

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:33 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I spoke to JF and we are fine with moving forward with deleting this paragraph. We understand it's a business decision.
>
> Did you have any other concerns with either note?
>
> Thanks,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 11:28 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.
>
> I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.
>
> Lisa
>
> Sent from my iPhone
>
> On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:
>
> > Hi Lisa,
> >
> > Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
> >
> > From Victor Buza's email:
> >
> > "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)"
> > <image001.png>
> >
> > <image002.png>
> > <image003.png>
> >
> > Thanks,
> > Ryan
> >
> > ---
> >
> > **From:** Lisa Stein
> > **Sent:** Thursday, November 30, 2017 10:58 AM
> > **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> > **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> > **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
> >
> > Hi Ryan,
> >
> > I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?
> >
> > Thank you,
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:
> >
> > > **From:** Victor Buza <Victor.Buza@ieso.ca>
> > > **Date:** November 29, 2017 at 6:49:40 PM EST
> > > **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> > > **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> > > **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
> > >
> > > Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
> > >
> > > The main adders that I have included track the language in the recently executed FHP Credit Facility.
> > >
> > > Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative

Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies

appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Jean-Francois Beaupre
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, November 30, 2017 2:04:28 PM
Attachments:	FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf image001.png

Hi Lisa,

I believe the corresponding clause you are referring to is subsection 3.3(6) of the attached OFA FHP agreement.

This is the clause:

> (6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

Thank You,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 1:55 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Thank you. Can you please send me the corresponding clause from the OFA FHP agreement?

Sent from my iPhone

On Nov 30, 2017, at 1:11 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I just sent you the deletions you were referring to in the body of an email.
>
> We have reviewed from a business perspective and are happy to proceed with Victor's edits to both agreements.
>
> Please let us know if you have any comments.
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 12:04 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,

Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?

Thank you

Lisa

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
> Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
>
> The main adders that I have included track the language in the recently executed FHP Credit Facility.
>
> Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)
>
> We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.
>
> Regards,
> Victor
>
> **Victor Buza** | Senior Counsel
> Independent Electricity System Operator (IESO) | T: 416-969-6079
> 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
> Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
>
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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro

program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT

The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):

"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the

Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6 day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover					Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

From:	Anthony Martinello
To:	Ryan Blackbyrne
Cc:	Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein; Victor Buza
Subject:	RE: IESO - OEFC Drafts - IESO Comments Nov 29
Date:	Thursday, December 07, 2017 4:08:28 PM

Thx.

Please courier to:
Victor Buza, Senior Counsel
IESO
120 Adelaide Street West
Suite 1600
Toronto, ON M5H 1T1

Regards.

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: December 07, 2017 4:00 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein; Victor Buza
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Anthony,

Please find pdf versions of the fully executed agreements attached. I will courier you back 2 originals (1 for each agreement).

Please confirm this is the address I should use:

Anthony Martinello
IESO
2635 Lakeshore Rd W
Mississauga, ON
L5J 4R9

Thanks,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, December 05, 2017 12:31 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Kim Marshall has signed the 4 originals, and IESO has couriered them to you re:

Purolator #: 331249983072

Regards.

From: Anthony Martinello
Sent: December 04, 2017 2:44 PM
To: 'Ryan Blackbyrne'; Victor Buza
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Ryan – Good news, IESO has nothing further. Therefore, let's proceed to execution.

Call me to discuss.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 30, 2017 4:37 PM
To: Victor Buza; Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Victor,

We have reviewed and approved the changes you made to the drafts. We having nothing further to add. Are there any other revisions you wish to make before preparing execution copies?

Thank You,
Ryan

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, November 29, 2017 6:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist

Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.

If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.

Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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

From: Sarah Harris
To: Opal Kandelas
Cc: Lisa Stein
Subject: RE: IESO - OEFC Nov 27
Date: Tuesday, November 28, 2017 4:49:23 PM

Hi Opal,

I took a look and asked Carlos as well. There is nothing from a market perspective that is controversial, and I don't see anything in the provisions that concern me. I thought about the intercept provision, but I think it is fine since the legislation 'publicly' allows for that carve out.

Lisa, do you have any objections about IESO sharing any of the contents of the $2B facility with TD?

Sarah

From: Opal Kandelas
Sent: Monday, November 27, 2017 3:35 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 27

I forgot to ask. I haven't reviewed the agreement with the intention to have it shared, so should any information be redacted from the agreement before we agree to it being shared?

Opal.

From: Opal Kandelas
Sent: Monday, November 27, 2017 3:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 27

Hi Sarah,

I was just in the midst of an email to you regarding this matter. John Kim has let IESO know they can move forward with working with CMO on the agreements, but also communicated that the inclusion of the requested language is pending approval. Its fine to work on amending the agreements, as from all sides the indication is that final signoff will occur.

Regarding IESO's request to share the OFA-IESO agreement with TD, since there's nothing in the agreement prohibiting it and neither Gadi nor OFA legal is concerned about it being shared, it seems unreasonable to withhold it. As there is no obligation for us to provide/deny permission, perhaps we can just point that out to IESO (in an email) and tell them we are leaving the decision as to whether or not to share the agreement to their discretion. Not sure if a more formal response needs to be provided to IESO, but I can discuss with John the best way to convey that info to IESO.

Thanks,
Opal.

From: Sarah Harris
Sent: Monday, November 27, 2017 3:02 PM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Opal,

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I'm cc'ing Lisa, as she also wasn't cc'd on IESO's request.

Thanks,
Sarah

From: Jean-Francois Beaupre
Sent: Monday, November 27, 2017 2:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Sarah,

Do we have sign-off on the final briefing note and/or authorization to proceed?

Thanks,
J-F

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

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To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

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From:	Sarah Harris
To:	Opal Kandelas
Cc:	Lisa Stein
Subject:	RE: IESO - OEFC Nov 27
Date:	Monday, November 27, 2017 4:08:07 PM

Hi Opal,

I will review. Off the top of my head, we may not want to share interest rate setting, but I'll review and let you know tomorrow morning.

Sarah

From: Opal Kandelas
Sent: Monday, November 27, 2017 3:35 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 27

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
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To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
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To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

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From: Opal Kandelas
To: Sarah Harris
Cc: Lisa Stein
Subject: RE: IESO - OEFC Nov 27
Date: Monday, November 27, 2017 3:34:48 PM

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From: Sarah Harris
To: Opal Kandelas
Cc: Lisa Stein
Subject: RE: IESO - OEFC Nov 27
Date: Monday, November 27, 2017 3:26:32 PM

Thanks, Opal.

We'll respond to Anthony that we will send drafts ASAP, and would appreciate if you could discuss with John the best way to convey info regarding sharing the Credit Agreements with TD.

Thanks,
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To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Opal,

Anthony is reaching out to provide drafts of the agreements. While we have started to work on them here, we haven't received word on final sign-off from Ron/Gadi. Any word?

I'm cc'ing Lisa, as she also wasn't cc'd on IESO's request.

Thanks,
Sarah

From: Jean-Francois Beaupre
Sent: Monday, November 27, 2017 2:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 27

Hi Sarah,

Do we have sign-off on the final briefing note and/or authorization to proceed?

Thanks,
J-F

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the

action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.

If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.

Regards.

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From:	Ryan Blackbyrne
To:	"Anthony Martinello"
Cc:	Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject:	RE: IESO - OEFC Nov 27
Date:	Wednesday, November 29, 2017 4:50:05 PM
Attachments:	$120M Note - amending agreement no.7 Nov29.docx $160M revolving credit - amending agreement no.7 Nov29.docx

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

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For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

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The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

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The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

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(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein

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The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the [DATE], 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act*, 2017;

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1.
The following definitions are added to Section 1.1 (Definitions) of the Agreement:

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien,

whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIALCORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million;

AND WHEREAS the *Ontario Fair Hydro Plan Act, 2017* came into force on June 1, 2017;

AND WHEREAS at the request of the IESO the parties wish to now amend the Agreement to accommodate IESO's role and obligations under the *Ontario Fair Hydro Plan Act, 2017*;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The following definitions are added to Section 1.1 (Definitions) of the Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

2. The definition of "Ontario's Fair Hydro Plan" is deleted in its entirety.

3. The definition of "Permitted Liens" in Section 1.1 (Definitions) of the Agreement is amended by deleting the word "and" at the end of subsection 1.1(j); replacing the "." at

the end of subsection (1.1 (k) and replacing it with "and"; and adding the following subsection 1.1(l):

(l) Any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

4. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:

(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under OFHP shall be deemed not to be material adverse change for the purposes of this section; and

Commented [RB1]: See Amending Agreement No.6 dated April 1, 2017. The amendment to paragraph 3.6(c) at that time referenced "Ontario's Fair Hydro Plan". Since the Ontario Fair Hydro Plan Act, 2017 has since come into force on June 1, 2017 it is appropriate to update this paragraph with reference to the Act.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director and Chief Investment Officer

From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: IESO - OEFC Nov 7
Date:	Wednesday, November 29, 2017 1:10:26 PM
Attachments:	Amending Agreement #1 (Executed).pdf (executed) Amending Agreement No. 2 14-Oct-11.pdf IESO $110 M credit facility Amending Agreement No. 3 (executed copy).PDF IESO Amending Agreement No. 4 (Execution Copy) April 2014.pdf IESO Amending Agreement No 5 (Amalgamation) (Draft).doc Amending Agrt no.6 - Revolving Credit Facility - OEFC_IESO_IESO Signed.pdf

Hi Lisa,

Please find attached all previous amending agreements for the original IESO-OEFC revolving credit facility agreement dated April 23, 2010.

Thank You,
Ryan

From: Lisa Stein
Sent: Wednesday, November 29, 2017 12:44 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Ryan,

Can you please send me all previous amending agreements? Have you confirmed that there were no changes made to the items we are currently amending?

Thank you,

Lisa

From: Ryan Blackbyrne
Sent: Wednesday, November 29, 2017 8:55 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Lisa,

Are the two original agreements I sent last night what you were looking for or did you also need the original of each amending agreement no. 6? I am attaching them here for you just in case. Please let me know if you need anything else.

Also, so you are aware, IESO had been looking to execute the amending agreements by tomorrow in line with execution with the security agreement - that would be very tight, but if we can get them drafts ASAP, today even, that would be the goal.

Thanks,
Ryan

From: Lisa Stein
Sent: Tuesday, November 28, 2017 5:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Ryan,

For ease of reference, can you please send me the original two agreements?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ryan Blackbyrne
Sent: Tuesday, November 28, 2017 1:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi All,

Please let me know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Lisa Stein
Sent: Monday, November 27, 2017 5:23 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Thank you for clarifying this Ryan. I'll wait for your drafts for review.

Lisa

From: Ryan Blackbyrne
Sent: Monday, November 27, 2017 3:05 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 7

Hi Lisa,

Please see below the original email we received from Anthony at IESO in early November. As you can see at this time his suggestion was to "copy and paste the salient sections" from the IESO-OFA agreements that were updated for the fair hydro plan into the amendments to the IESO-OEFC agreements. In his email Anthony referenced both the 'Permitted Lien' and 'Intercept Provision' sections, but we have since agreed the intercept provision will not be included in the IESO-OEFC amending agreements. We are still waiting for final sign-off from Gadi, Ron and Mike on whether we can include the permitted-Lien language from the IESO-OFA amending agreements into the IESO-OEFC amending agreements.

Thank You,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM

To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
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pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

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Regards.

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AMENDING AGREEMENT NO.1

This Amending Agreement made as of the 21st day of July, 2010.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010 (the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $60 million.

AND WHEREAS IESO and OEFC now agree to amend the Agreement to allow IESO to repay all or a portion of Advances Outstanding prior to the Mandatory Repayment Date of April 30, 2013.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. The Capitalised Terms used in this Amending Agreement which are not otherwise defined shall have the same meaning as established under Section 1.1 of the Agreement.

2. Section 2.2 of the Agreement is deleted and replaced by the following:

   "Section 2.2 Commitment and Facility Limits

   The Advances to IESO under the Credit Facility shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment. Subject to Section 2.7, on any stated Interest Payment Date, IESO shall have the right to repay in whole or in part the total amount outstanding to OEFC;"

3. The Agreement is amended by inserting after Section 2.6

   "Section 2.7 Repayments.

   (1) Upon four Business Days prior notice by IESO to OEFC (the "Repayment Notice"), IESO may repay all or a portion of the Advances Outstanding (the "Repayment Amount") on an Interest Payment Date; provided that the minimum Repayment Amount shall be $1,000,000.00;

   (2) Notwithstanding the provisions of Section 8.1 of this Agreement the Repayment Notice shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery, if such date is a Business Day and such delivery was made prior to 10.00 a.m. (Toronto time), otherwise on the next Business Day, or if (b) transmitted by telecopier or other means of electronic communication, on the Business Day following the date of transmission provided that on the date of transmission, the addressee of such notice was notified by telephone of such transmission;

   (3) The Repayment Notice shall set out the Repayment Amount

(4) A Repayment Notice shall be irrevocable and binding on IESO and OEFC."

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Ted Leonard
Title: Vice President, Finance and Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

AMENDING AGREEMENT NO. 2

This Amending Agreement made as of the 14th day of October, 2011.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $60 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from $60 million to $110 million;

AND WHEREAS IESO and OEFC wish to provide that the interest rate applicable to advances under the Agreement up to $60 million shall bear interest at a rate equal to the Province of Ontario's cost of funds plus 25 basis points and that the interest rate applicable to advances under the Agreement in excess of $60 million shall bear interest at a rate equal to the Province of Ontario's cost of funds plus 50 basis points;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   The definition of Commitment is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Ten Million Dollars.

   The definition of Interest Rate is deleted and replaced with:

   "Interest Rate" means for any Advance or portion of an Advance which forms part of an amount of up to $60 million of Advances Outstanding the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first Business Day of each month by OEFC, plus 0.25 percent per annum, and means for any Advance or portion of an Advance which forms part of an amount of Advances Outstanding in excess of $60 million the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first Business Day of each month by OEFC, plus 0.50 percent per annum.

The definition of Note is deleted and replaced with:

"Note" means the $110 Million Note issued pursuant to Section 2 of the Amending Agreement dated as of the 14th day of October, 2011.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Ten Million Dollars (the "$110 Million Note") and on which shall be recorded the Advances Outstanding under the grid promissory note in the principal amount of up to $60 million dated April 23, 2010 delivered pursuant to the Agreement (the "$60 Million Note"). Upon receipt of the $110 Million Note by OEFC, the $60 Million Note shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Ted Leonard
Title: Vice President, Finance and Chief Financial Officer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

AMENDING AGREEMENT NO. 3

This Amending Agreement made as of the 30 day of April, 2013.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010 and Amending Agreement No. 2 dated October 14, 2011 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $110 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for a one year extension of the mandatory repayment date of the revolving line of credit ;

AND WHEREAS IESO and OEFC wish to provide that during the extension advances under the Agreement shall bear interest at a rate equal to the Province of Ontario's cost of funds plus 50 basis points;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   The definition of Interest Rate is deleted and replaced with:

   "Interest Rate" means the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first Business Day of each month by OEFC, plus 0.50 percent per annum.

   The definition of Note is deleted and replaced with:

   "Note" means the $110 Million Note issued pursuant to Section 2 of Amending Agreement No. 3 dated as of the 30 day of April, 2013.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Ten Million Dollars (the "$110 Million Note") dated April 30, 2013 and on which shall be recorded the Advances Outstanding under the grid promissory note in the principal amount of up to $110 million dated October 14, 2011 delivered pursuant to the Agreement .Upon receipt by OEFC of the $110 Million Note dated April 30, 2013, the $110 Million Note dated October 14, 2011 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "Section 2.4 Mandatory Repayment.

   Subject to Sections 3.5 and 5.2, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before April 30, 2014."

4. This Amending Agreement shall be effective as of April 30, 2013.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Ted Leonard
Title: Vice President Finance, Chief Financial Officer and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $110,000,000 Date: 30 April, 2013

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011 and Amending Agreement No. 3 dated April 30, 2013 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before April 30, 2014.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Ted Leonard
Vice President Finance, Chief Financial Officer, and Treasurer

AMENDING AGREEMENT NO. 4

This Amending Agreement made as of the 30 day of April, 2014.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011 and Amending Agreement No. 3 dated April 30, 2013 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $110 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to decrease the revolving line of credit from $110 million to $95 million;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for a three year extension of the mandatory repayment date of the revolving line of credit;

AND WHEREAS IESO and OEFC wish to provide that during the extension advances under the Agreement shall bear interest at a rate equal to the Province of Ontario's cost of funds plus 50 basis points;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   The definition of Commitment is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of Ninety-Five Million Dollars.

   The definition of Interest Rate is deleted and replaced with:

   "Interest Rate" means the Province of Ontario's cost of borrowing for a 30 day term, as determined as of the first Business Day of each month by OEFC, plus 0.50 percent per annum.

   The definition of Note is deleted and replaced with:

   "Note" means the $95 Million Note issued pursuant to Section 2 of Amending Agreement No. 4 dated as of the 30 day of April, 2014.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to Ninety-Five Million Dollars (the "$95 Million Note") dated April 30, 2014 and on which shall be recorded the Advances Outstanding under the grid promissory note in the principal amount of up to $110 million dated April 30, 2013 delivered pursuant to the Agreement .Upon receipt by OEFC of the $95 Million Note dated April 30, 2014, the $110 Million Note dated April 30, 2013 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.4 of the Agreement is deleted and replaced by the following:

   "**Section 2.4 Mandatory Repayment.**

   Subject to Sections 3.5 and 5.2, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before April 30, 2017."

4. This Amending Agreement shall be effective as of April 30, 2014.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Ted Leonard
Title: Vice President Markets, Chief Financial Officer and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $95,000,000 Date: 30 April, 2014

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013 and Amending Agreement No. 4 dated April 30, 2014 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before April 30, 2017.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Ted Leonard
Vice President Markets,
Chief Financial Officer,
and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID

(Revolving Credit Facility April 23, 2010)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 5

This Amending Agreement made as of the X day of December, 2014.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010.

AND WHEREAS pursuant to Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013 and Amending Agreement No. 4 dated April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement").

AND WHEREAS IESO and OEFC wish to amend the Agreement pursuant to the direction prescribed in Schedule 7 of Bill 14, the Building Opportunity and Securing Our Future Act (the "Act") which received Royal Assent on July 24, 2014 and provides direction for the amalgamation of IESO with the Ontario Power Authority (OPA) to be effective as of January 1, 2015.

Per section 5. (1) of the Act, the predecessor Independent Electricity System Operator and the Ontario Power Authority are amalgamated and shall continue as one corporation.

Per section 5. (2) of the Act, the name of the corporation formed under subsection (1) is the Independent Electricity System Operator.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 2.3 Use of Proceeds – of the Agreement is deleted and replaced by the following:

   IESO or the continuing post amalgamation successor entity the "new" IESO shall use the proceeds of Advances for the same original intended purposes for which the predecessor IESO is authorized to borrow funds:

   (a) To repay the revolving line of credit with the Toronto Dominion Bank;

(b) For liquidity purposes; and
(c) To fund corporate requirements.

2. Schedule 1 of the Agreement, Form of Borrowing Notice, is deleted and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

3. Upon amalgamation, the borrower agrees to execute and deliver an Amendment and Restatement of the IESO Credit Facility Agreement (the "Amended and Restated IESO Credit Facility Agreement").

4. Upon amalgamation, the borrower agrees to deliver to OEFC a certificate of an officer certifying that on the date of the amalgamation:

(i) all the representations and warranties of the borrower (the new IESO) in the amended and restated IESO Credit Facility Agreement are true and correct;

(ii) no Default or event of default shall have occurred and be continuing;

(iii) a certificate of incumbency of the officers of the new IESO;

(iv) any such other documents as the OEFC may reasonable request.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by:_____
Name:
Title:

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Lisa Stein
To: Ryan Blackbyrne
Cc: Sarah Harris; Jean-Francois Beaupre
Subject: RE: IESO - OEFC Nov 7
Date: Wednesday, November 29, 2017 12:43:46 PM

Hi Ryan,

Can you please send me all previous amending agreements? Have you confirmed that there were no changes made to the items we are currently amending?

Thank you,

Lisa

From: Ryan Blackbyrne
Sent: Wednesday, November 29, 2017 8:55 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Lisa,

Are the two original agreements I sent last night what you were looking for or did you also need the original of each amending agreement no. 6? I am attaching them here for you just in case. Please let me know if you need anything else.

Also, so you are aware, IESO had been looking to execute the amending agreements by tomorrow in line with execution with the security agreement - that would be very tight, but if we can get them drafts ASAP, today even, that would be the goal.

Thanks,
Ryan

From: Lisa Stein
Sent: Tuesday, November 28, 2017 5:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Ryan,

For ease of reference, can you please send me the original two agreements?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ryan Blackbyrne
Sent: Tuesday, November 28, 2017 1:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi All,

Please let me know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Lisa Stein
Sent: Monday, November 27, 2017 5:23 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

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"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

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(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

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If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From:	Lisa Stein
To:	Ryan Blackbyrne
Subject:	RE: IESO - OEFC Nov 7
Date:	Wednesday, November 29, 2017 10:40:19 AM

Thanks Ryan

From: Ryan Blackbyrne
Sent: Wednesday, November 29, 2017 8:55 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

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Lisa N. Stein
Legal Counsel

Ontario Financing Authority
416-325-2320

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Hi All,

Please let me know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

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From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: IESO - OEFC Nov 7
Date:	Wednesday, November 29, 2017 8:54:48 AM
Attachments:	$120M note - Amending Agreementt no.6 - April 30, 2017.pdf $160M revolving credit - Amending Agreement no.6 - April 30, 2017.pdf

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.

(c) The following sections are added to the Agreement following Section 2.15:

" Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

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

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended or

replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From: Lisa Stein
To: Ryan Blackbyrne
Cc: Sarah Harris; Jean-Francois Beaupre
Subject: RE: IESO - OEFC Nov 7
Date: Tuesday, November 28, 2017 5:05:48 PM

Hi Ryan,

For ease of reference, can you please send me the original two agreements?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ryan Blackbyrne
Sent: Tuesday, November 28, 2017 1:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi All,

Please let me know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Lisa Stein
Sent: Monday, November 27, 2017 5:23 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Thank you for clarifying this Ryan. I'll wait for your drafts for review.

Lisa

From: Ryan Blackbyrne
Sent: Monday, November 27, 2017 3:05 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 7

Hi Lisa,

Please see below the original email we received from Anthony at IESO in early November. As you can see at this time his suggestion was to "copy and paste the salient sections" from the IESO-OFA agreements that were updated for the fair hydro plan into the amendments to the IESO-OEFC agreements. In his email Anthony referenced both the 'Permitted Lien' and 'Intercept Provision' sections, but we have since agreed the intercept provision will not be included in the IESO-OEFC amending agreements. We are still waiting for final sign-off from Gadi, Ron and Mike on whether we can include the permitted-Lien language from the IESO-OFA amending agreements into the IESO-OEFC amending agreements.

Thank You,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished

two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From:	Ryan Blackbyrne
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: IESO - OEFC Nov 7
Date:	Tuesday, November 28, 2017 1:29:41 PM
Attachments:	$120M Note - amending agreement no.7 (blackline to no.6).docx $120M Note - amending agreement no.7 (clean).docx $160M revolving credit - amending agreement no.7 (blackline to no.6).docx $160M revolving credit - amending agreement no.7 (clean).docx

Hi All,

Please let me know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

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To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 7

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sections, but we have since agreed the intercept provision will not be included in the IESO-OEFC amending agreements. We are still waiting for final sign-off from Gadi, Ron and Mike on whether we can include the permitted-Lien language from the IESO-OFA amending agreements into the IESO-OEFC amending agreements.

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Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

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As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts

that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, ~~and~~ April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

~~**AND WHEREAS** the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.~~

AND WHEREAS the parties wish to now amend the Agreement to change the definition of "Permitted Liens" to accommodate IESO's role and obligations under the Ontario Fair Hydro Plan (OFHP).

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

The definition of Ontario Fair Hydro Plan "OFHP" is added under Section 1.1:

"OFHP" means the Ontario Fair Hydro Plan Act, 2017, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (1.1.J); replacing the "." at the end of subsection (1.1.K) and replacing it with "and"; and adding the following subsection (1.1.L):

"(1.1.L) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts

received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

~~**1. Defined Terms**~~

~~Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.~~

~~**2. Amendments to Agreement**~~

~~(a) Definition of "Loan" in the Agreement is deleted.~~

~~(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:~~

~~**Article 1a $30 Million Advance**~~

~~Section 1a.1~~

~~Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures.~~

~~(c) The following sections are added to the Agreement following Section 2.15:~~

~~**Section 2.16 Fifth Refinancing Note**~~

~~On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after~~

as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional
$30 Million Advance ("Part B"), for a total aggregate principal amount of
$120 million.
Notwithstanding Section 1.5 herein, the interest rate on the Fifth Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, interest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period."

2. Reference to and Effect on the Agreement.

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. Governing Law

This Amending Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

~~5. Counterparts~~

~~This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.~~

~~**6. Enurement**~~

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

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael Manning
Title: Chief Operating Officer

SCHEDULE 1

FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUERECEIVED, the INDEPENDENT ELECTRICITY SYSTEMOPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESQ waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

AMENDING AGREEMENT NO. 7

This Amending Agreement is made as of the • day of •, 2017 between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

and

ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")

WHEREAS IESO and OEFC have entered into an agreement providing for the issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, April 30, 2014 and April 30, 2017 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to now amend the Agreement to change the definition of “Permitted Liens” to accommodate IESO’s role and obligations under the Ontario Fair Hydro Plan (OFHP).

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

The definition of Ontario Fair Hydro Plan “OFHP” is added under Section 1.1:

“OFHP” means the Ontario Fair Hydro Plan Act, 2017, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

The definition of “Permitted Liens” is amended by deleting the word “and” at the end of subsection (1.1.J); replacing the “.” at the end of subsection (1.1.K) and replacing it with “and”; and adding the following subsection (1.1.L):

“(1.1.L) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael Manning
Title: Chief Operating Officer

SCHEDULE 1

FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: $120 million, consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020 + 50 basis points)

Due: June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A shall be in respect only of the period from and including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017.

For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year

may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESQ waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

AMENDING AGREEMENT NO. ~~6~~7

This Amending Agreement is effective as of the •~~30~~ day of •~~April~~, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL ~~–~~CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, ~~and~~ Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $~~95~~ 160 million.

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);~~

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;~~

~~**AND WHEREAS** IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;~~

AND WHEREAS the parties wish to now amend the Agreement to change the definition of "Permitted Liens" to accommodate IESO's role and obligations under the Ontario Fair Hydro Plan (OFHP).

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as ~~–~~follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

The definition of Ontario Fair Hydro Plan "OFHP" is added under Section 1.1:

"OFHP" means the Ontario Fair Hydro Plan Act, 2017, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (1.1.J); replacing the "." at the end of subsection (1.1.J) and replacing it with "and"; and adding the following subsection (1.1.L):

"(1.1.L) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

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~~i) The definition of "Amalgamation" is deleted.~~

~~ii) The definition of" Commitment" is deleted and replaced with:~~

~~**"Commitment"** means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.~~

~~iii) A definition of **"IESO Corporate Requirements"** is added as follows:~~

~~"IESO Corporate Requirements" means any borrowing purposes authorized by 0. Reg. 280/14 made under the Electricity Act, 1998 (as such regulation may be amended or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.~~

~~iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:~~

~~**"Ontario's Fair Hydro Plan"** means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.~~

~~v) The definition of "New IESO" is deleted.~~

~~vi) The definition of "Note" is deleted and replaced with:~~

~~"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.~~

~~vii) The definition of "OPA" is deleted.~~

~~viii) The definition of "Pre-Amalgamation IESO" is deleted.~~

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the tenns and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
(c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Amending Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid ("Grid") attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23,2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April -30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, ~~and~~ by Amending Agreement No. 6 dated April 30, 2017, and by Amending Agreement No. 7 dated •, •, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be prima facie evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO. IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

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AMENDING AGREEMENT NO. 7

This Amending Agreement is effective as of the • day of •, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014, Amending Agreement No. 5 dated December 19, 2014 and Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $160 million.

AND WHEREAS the parties wish to now amend the Agreement to change the definition of “Permitted Liens” to accommodate IESO’s role and obligations under the Ontario Fair Hydro Plan “OFHP”.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

The definition of Ontario Fair Hydro Plan “OFHP” is added under Section 1.1:

“OFHP” means the Ontario Fair Hydro Plan Act, 2017, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

The definition of “Permitted Liens” is amended by deleting the word “and” at the end of subsection (1.1.J); replacing the “.” at the end of subsection (1.1.K) and replacing it with “and”; and adding the following subsection (1.1.L):

“(1.1.L) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, by Amending Agreement No. 6 dated April 30, 2017, and by Amending Agreement No. 7 dated •, •, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be prima facie evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO. IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	Ryan Blackbyrne
Cc:	Sarah Harris
Subject:	RE: IESO - OEFC Nov 7
Date:	Monday, November 27, 2017 5:22:42 PM

Thank you for clarifying this Ryan. I'll wait for your drafts for review.

Lisa

From: Ryan Blackbyrne
Sent: Monday, November 27, 2017 3:05 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 7

Hi Lisa,

Please see below the original email we received from Anthony at IESO in early November. As you can see at this time his suggestion was to "copy and paste the salient sections" from the IESO-OFA agreements that were updated for the fair hydro plan into the amendments to the IESO-OEFC agreements. In his email Anthony referenced both the 'Permitted Lien' and 'Intercept Provision' sections, but we have since agreed the intercept provision will not be included in the IESO-OEFC amending agreements. We are still waiting for final sign-off from Gadi, Ron and Mike on whether we can include the permitted-Lien language from the IESO-OFA amending agreements into the IESO-OEFC amending agreements.

Thank You,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for

fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall

apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Ryan Blackbyrne
To: Lisa Stein
Subject: RE: IESO - OEFC Nov 7
Date: Wednesday, November 29, 2017 1:17:28 PM

Hi Lisa,

Do you have a minute to chat regarding the previous amending agreements? I am free and at my desk this afternoon (416-325-8143).

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Lisa Stein
Sent: Wednesday, November 29, 2017 12:44 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Ryan,

Can you please send me all previous amending agreements? Have you confirmed that there were no changes made to the items we are currently amending?

Thank you,

Lisa

From: Ryan Blackbyrne
Sent: Wednesday, November 29, 2017 8:55 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Lisa,

Are the two original agreements I sent last night what you were looking for or did you also need the original of each amending agreement no. 6? I am attaching them here for you just in case. Please let me know if you need anything else.

Also, so you are aware, IESO had been looking to execute the amending agreements by tomorrow in line with execution with the security agreement - that would be very tight, but if we can get them drafts ASAP, today even, that would be the goal.

Thanks,
Ryan

From: Lisa Stein
Sent: Tuesday, November 28, 2017 5:06 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi Ryan,

For ease of reference, can you please send me the original two agreements?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ryan Blackbyrne
Sent: Tuesday, November 28, 2017 1:30 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-

Francois.Beaupre@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Hi All,

Please let me know your comments.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Lisa Stein
Sent: Monday, November 27, 2017 5:23 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - OEFC Nov 7

Thank you for clarifying this Ryan. I'll wait for your drafts for review.

Lisa

From: Ryan Blackbyrne
Sent: Monday, November 27, 2017 3:05 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO - OEFC Nov 7

Hi Lisa,

Please see below the original email we received from Anthony at IESO in early November. As you can see at this time his suggestion was to "copy and paste the salient sections" from the IESO-OFA agreements that were updated for the fair hydro plan into the amendments to the IESO-OEFC agreements. In his email Anthony referenced both the 'Permitted Lien' and 'Intercept Provision' sections, but we have since agreed the intercept provision will not be included in the IESO-OEFC amending agreements. We are still waiting for final sign-off from Gadi, Ron and Mike on whether we can include the permitted-Lien language from the IESO-OFA amending agreements into the IESO-OEFC amending agreements.

Thank You,
Ryan

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with

the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From:	Lisa Stein
To:	Jean-Francois Beaupre
Cc:	John Kim; Sarah Harris; Opal Kandelas; Gavin He; Ryan Blackbyrne
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Monday, November 20, 2017 2:15:22 PM

I assume that the language would be similar to the FHP agreement. However, would it be helpful for Gadi/Ron/Mike to see the language of the proposed amendments in order to inform their decision?

Lisa

From: Jean-Francois Beaupre
Sent: Monday, November 20, 2017 2:06 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Lisa,

The decision to amend the IESO-OEFC agreements for permitted liens is still being determined by Gadi/Ron/Mike. As such, we won't ask IESO for draft amendments until such time as that decision has been made.

Regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 1:55 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Thank you for the update. Have we received proposed amendments from IESO?

From: Jean-Francois Beaupre
Sent: Monday, November 20, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Lisa,

John and Opal discussed this matter and I think John was working on a revised briefing note.

Kind regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 10:51 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi J-F,

Can you please update me on the status of this file?

Thank you,

Lisa

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 1:52 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi John,

We have an internal discussion earlier this morning which Mike attended. The comments provided were approved by Sarah and Opal.

Regards,
J-F

From: John Kim
Sent: Thursday, November 16, 2017 1:49 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Jean-Francois,

You had comments in the draft with questions and concerns expressed. Are these approved by Sarah and Opal or comments at your level?

Given that we are under a tight timeline, it would be helpful if we can have a discussion today.

Mike is in the loop on the FHP discussion. Could your group check with him on his views beforehand too?

John

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 1:42 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Gavin,

I discussed your request for me to come down to the 3rd floor for a quick chat with you and John with Opal.

At this time, our preference would be to obtain clarifications from CEFD and/or IESO in response to the comments we raised so that we may gain a better understanding of the potential implications for OEFC. Opal suggested that we could have a call or meeting tomorrow if you think that would be helpful?

Kind regards,
J-F

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 12:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Dear Gavin,

Please find attached our consolidated comments on the draft note.

We are happy to discuss further as always.

Thanks,
J-F

From: Gavin He
Sent: Thursday, November 16, 2017 8:21 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi all,

We have confirmed with the IESO that the reason for their requested change to the definition of the "permitted liens" in the OEFC credit facility agreements are the same for the request to OFA. The IESO wants to be able to grant security to the OPG Trust, and address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

We have drafted the attached BN for internal approval (Ron and Gadi) process. Could you please review and let us know if you have any concerns? It would be much appreciated if you could provide us your feedback around noon today, given the limited timeframe on this request.

This has been reviewed by Legal last night and I have incorporated the feedback from Sarah N. (in Lisa's absence).

Please let me know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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From: Gavin He
To: Sarah Harris; Ryan Blackbyrne; Jean-Francois Beaupre
Cc: Lisa Stein
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Thursday, November 16, 2017 8:21:26 AM
Attachments: IESO-OEFC - FHP LoC_Nov 2017_v7.docx

Hi all,

We have confirmed with the IESO that the reason for their requested change to the definition of the "permitted liens" in the OEFC credit facility agreements are the same for the request to OFA. The IESO wants to be able to grant security to the OPG Trust, and address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

We have drafted the attached BN for internal approval (Ron and Gadi) process. Could you please review and let us know if you have any concerns? It would be much appreciated if you could provide us your feedback around noon today, given the limited timeframe on this request.

This has been reviewed by Legal last night and I have incorporated the feedback from Sarah N. (in Lisa's absence).

Please let me know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator ("IESO") has requested OEFC to amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations the IESO is taking on under Ontario's Fair Hydro Plan.

CONTEXT

The Fair Hydro Plan will require the IESO and Ontario Power Generation (OPG) to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which ensures that the costs of these investments are allocated fairly among current and future ratepayers. This is being accomplished through refinancing a portion of the Global Adjustment (GA). The IESO and OPG are in a discussion to potentially grant the security/priority on IESO's assets to the OPG Trust for the period of the first four years of the GA deferral. The IESO will seek its Board approval on Nov 22, 2017 for the security agreement and this would be in conflict with OEFC's $160M and $120M credit facility agreements (the "OEFC Agreements") with the IESO without the requested amendments. Paragraph 4.7 – Negative Pledges – in both OEFC credit facility agreements does not allow IESO to grant such security/priority to the OPG Trust.

In order to address this issue, the IESO has requested OEFC to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the Fair Hydro Plan (FHP). Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations towards OPG. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want inadvertently to be in default.

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act") in July 2017, the IESO had reached out to the Capital Market Division – Operations of the OFA to make the same request to the credit facility agreements with OFA in October. The OFA staff have recommended providing the requested amendments and amended the $475M and $2B credit facility agreements between OFA and the IESO on November 6th, 2017 (the "OFA Agreements"), as suggested by the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

RECOMMENDATION

- To support IESO's role in the implementation and participation under the OFHP Act and also to be consistent with the approach OFA implemented , OFA staff are of the view that the exisiting OEFC Agreements require amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, it is IESO's position that it wants to make such change to the definition of the permitted liens to make sure that the IESO is not inadvertently in default of its security obligations to OPG Trust ~~is still required in order for IESO to~~and meets its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation,

amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 15, 2017

From: Gavin He
To: Sarah Neville
Cc: Lisa Stein; John Kim
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Thursday, November 16, 2017 8:08:42 AM

Hi Sarah,

Thanks! I will make those changes.

Regards,
Gavin He

From: Sarah Neville
Sent: Thursday, November 16, 2017 6:12 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: IESO - OEFC credit facilities : permitted liens

I would change "preference" to "it is IESO's position that it wants to make..." and add "of it's security obligations to OPG Trust" after the word default.

Sent from my iPhone

On Nov 15, 2017, at 10:20 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Sarah,
>
> Thank you very much for the prompt response on this. I have updated the BN to incorporate your comment on that bullet point. Please let me know if below revised language would work:
>
> - Although the OEFC credit facility is not used for OFHP's purpose, it's still IESO's preference to make such change to the definition of the permitted liens to make sure that the IESO is not inadvertently in default and meets its role and obligation under the OFHP Act.
>
> We will connect with IESO to ask them to provide us with the first cut of proposed amendments to review soon.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Sarah Neville

Sent: Wednesday, November 15, 2017 7:51 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi John – I reviewed the draft note Gavin sent, against the version of the note Lisa commented on dated November 9 (I don't have access to any more recent correspondence on this). It appears that most of her proposed changes were substantially incorporated. The only change not addressed was with respect to the second bullet in the recommendation: "…such change to the permitted liens is still *required* in order for IESO to meet its role…." Lisa queried whether it is really "required" (I agree with this comment, there are other options, for example a waiver, but an amendment is the most certain and consistent approach). One option may be to clarify that this is IESO's position/preference (presumably this is the source of the request).

I will leave it to you as to whether you want to make this change.

Based on my review of the note, Lisa's prior comments and the discussion I had with Lisa yesterday I have no further comments.

In the interests of time, and subject to your receiving direction to proceed, my recommendation is that you get IESO to provide a first cut of proposed amendments it is seeking for Lisa's review when she returns to the office on Monday.

Sarah

From: John Kim
Sent: Wednesday, November 15, 2017 7:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO - OEFC credit facilities : permitted liens

FYI we are hoping to give IESO an indication tomorrow so that the process of amending the wording can start.

Sent from my iPhone

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John

Sent from my iPhone

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> > Thanks,
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> > ---
> >
> > **From:** Gavin He

Sent: Wednesday, November 15, 2017 6:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC credit facilities : permitted liens

Hi Sarah,

Hope all is going well! In Lisa's absence, I am sending the OEFC credit facility agreement BN to you for review and comments.

The IESO has reached out to us to make the similar change to the definition of the "permitted liens" under the OFA credit facility agreement, which were signed recently. As a result, CEFD has drafted the attached note for IESO's request. Could you please review and let us know if you have any concerns?

Please note that IESO has indicated that they will seek their Board approval on Nov. 22 to grant the security/priority on IESO's assets to the OPG Trust, so we will need to resolve this as soon as possible.

Please let us know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the

two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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<IESO-OEFC - FHP LoC_Nov 2017_v7.docx>

From: Gavin He
To: Sarah Neville
Cc: Lisa Stein; John Kim
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 10:20:57 PM
Attachments: IESO-OEFC - FHP LoC_Nov 2017_v7.docx

Hi Sarah,

Thank you very much for the prompt response on this. I have updated the BN to incorporate your comment on that bullet point. Please let me know if below revised language would work:

- Although the OEFC credit facility is not used for OFHP's purpose, it's still IESO's preference to make such change to the definition of the permitted liens to make sure that the IESO is not inadvertently in default and meets its role and obligation under the OFHP Act.

We will connect with IESO to ask them to provide us with the first cut of proposed amendments to review soon.

Thanks,
Gavin He

From: Sarah Neville
Sent: Wednesday, November 15, 2017 7:51 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi John – I reviewed the draft note Gavin sent, against the version of the note Lisa commented on dated November 9 (I don't have access to any more recent correspondence on this). It appears that most of her proposed changes were substantially incorporated. The only change not addressed was with respect to the second bullet in the recommendation: "…such change to the permitted liens is still *required* in order for IESO to meet its role…." Lisa queried whether it is really "required" (I agree with this comment, there are other options, for example a waiver, but an amendment is the most certain and consistent approach). One option may be to clarify that this is IESO's position/preference (presumably this is the source of the request).

I will leave it to you as to whether you want to make this change.

Based on my review of the note, Lisa's prior comments and the discussion I had with Lisa yesterday I have no further comments.

In the interests of time, and subject to your receiving direction to proceed, my recommendation is that you get IESO to provide a first cut of proposed amendments it is seeking for Lisa's review when she returns to the office on Monday.

Sarah

From: John Kim
Sent: Wednesday, November 15, 2017 7:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO - OEFC credit facilities : permitted liens

FYI we are hoping to give IESO an indication tomorrow so that the process of amending the wording can start.

Sent from my iPhone

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> Pls review and let us know if any legal issues. From OFA perspective, without getting into details we provided the same amendments for the OFA facilities. So if we are to refuse the request we will have to have a rationale. Our assessment is documented in the note. Ron and Gadi will make the business call ultimately and we are trying to line things up.
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Sarah

Sent from my iPhone

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> I just got an out of office from Sarah as well. Is there anyone else who can review this?
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> **To:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** FW: IESO - OEFC credit facilities : permitted liens
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> Hi Sarah,
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> Hope all is going well! In Lisa's absence, I am sending the OEFC credit facility agreement BN to you for review and comments.
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> The IESO has reached out to us to make the similar change to the definition of the "permitted liens" under the OFA credit facility agreement, which were signed recently. As a result, CEFD has drafted the attached note for IESO's request. Could you please review and let us know if you have any concerns?
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> Please note that IESO has indicated that they will seek their Board approval on Nov. 22 to grant the security/priority on IESO's assets to the OPG Trust, so we will need to resolve this as soon as possible.
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> Please let us know if you have any questions.
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> Thanks,

Gavin He

From: Anthony Martinello
[mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator ("IESO") has requested OEFC to amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations the IESO is taking on under Ontario's Fair Hydro Plan.

CONTEXT

The Fair Hydro Plan will require the IESO and Ontario Power Generation (OPG) to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which ensures that the costs of these investments are allocated fairly among current and future ratepayers. This is being accomplished through refinancing a portion of the Global Adjustment (GA). The IESO and OPG are in a discussion to potentially grant the security/priority on IESO's assets to the OPG Trust for the period of the first four years of the GA deferral. The IESO will seek its Board approval on Nov 22, 2017 for the security agreement and this would be in conflict with OEFC's $160M and $120M credit facility agreements (the "OEFC Agreements") with the IESO without the requested amendments. Paragraph 4.7 – Negative Pledges – in both OEFC credit facility agreements does not allow IESO to grant such security/priority to the OPG Trust.

In order to address this issue, the IESO has requested OEFC to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the Fair Hydro Plan (FHP). Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations towards OPG. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want inadvertently to be in default.

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act") in July 2017, the IESO had reached out to the Capital Market Division – Operations of the OFA to make the same request to the credit facility agreements with OFA in October. The OFA staff have recommended providing the requested amendments and amended the $475M and $2B credit facility agreements between OFA and the IESO on November 6th, 2017 (the "OFA Agreements"), as suggested by the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

RECOMMENDATION

- To support IESO's role in the implementation and participation under the OFHP Act and also to be consistent with the approach OFA implemented , OFA staff are of the view that the exisiting OEFC Agreements require amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, it's still IESO's preference to make such change to the definition of the permitted liens to make sure that the IESO is not inadvertently in default ~~is still required in order for IESO to~~and meets its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation,

amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 15, 2017

From: Sarah Neville
To: John Kim
Cc: Gavin He; Lisa Stein
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 7:51:05 PM

Hi John – I reviewed the draft note Gavin sent, against the version of the note Lisa commented on dated November 9 (I don't have access to any more recent correspondence on this). It appears that most of her proposed changes were substantially incorporated. The only change not addressed was with respect to the second bullet in the recommendation: "…such change to the permitted liens is still *required* in order for IESO to meet its role…." Lisa queried whether it is really "required" (I agree with this comment, there are other options, for example a waiver, but an amendment is the most certain and consistent approach). One option may be to clarify that this is IESO's position/preference (presumably this is the source of the request).

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Sarah

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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> > **Cc:** John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> > **Subject:** FW: IESO - OEFC credit facilities : permitted liens

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Please let us know if you have any questions.

Thanks,
Gavin He

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Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

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Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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From: Gavin He
To: Lisa Stein
Cc: Sarah Neville
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 6:09:19 PM

Hi Lisa,

I just got an out of office from Sarah as well. Is there anyone else who can review this?

Thanks,
Gavin He

From: Gavin He
Sent: Wednesday, November 15, 2017 6:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC credit facilities : permitted liens

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Please let us know if you have any questions.

Thanks,
Gavin He

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Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
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From:	Jean-Francois Beaupre
To:	Lisa Stein
Cc:	John Kim; Sarah Harris; Opal Kandelas; Gavin He; Ryan Blackbyrne
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Monday, November 20, 2017 2:05:46 PM

Hi Lisa,

The decision to amend the IESO-OEFC agreements for permitted liens is still being determined by Gadi/Ron/Mike. As such, we won't ask IESO for draft amendments until such time as that decision has been made.

Regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 1:55 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Thank you for the update. Have we received proposed amendments from IESO?

From: Jean-Francois Beaupre
Sent: Monday, November 20, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Lisa,

John and Opal discussed this matter and I think John was working on a revised briefing note.

Kind regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 10:51 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi J-F,

Can you please update me on the status of this file?

Thank you,

Lisa

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 1:52 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi John,

We have an internal discussion earlier this morning which Mike attended. The comments provided were approved by Sarah and Opal.

Regards,
J-F

From: John Kim
Sent: Thursday, November 16, 2017 1:49 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Jean-Francois,

You had comments in the draft with questions and concerns expressed. Are these approved by Sarah and Opal or comments at your level?

Given that we are under a tight timeline, it would be helpful if we can have a discussion today.

Mike is in the loop on the FHP discussion. Could your group check with him on his views beforehand too?

John

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 1:42 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne

<Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Gavin,

I discussed your request for me to come down to the 3rd floor for a quick chat with you and John with Opal.

At this time, our preference would be to obtain clarifications from CEFD and/or IESO in response to the comments we raised so that we may gain a better understanding of the potential implications for OEFC. Opal suggested that we could have a call or meeting tomorrow if you think that would be helpful?

Kind regards,
J-F

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 12:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Dear Gavin,

Please find attached our consolidated comments on the draft note.

We are happy to discuss further as always.

Thanks,
J-F

From: Gavin He
Sent: Thursday, November 16, 2017 8:21 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi all,

We have confirmed with the IESO that the reason for their requested change to the definition of the "permitted liens" in the OEFC credit facility agreements are the same for the request to OFA. The IESO wants to be able to grant security to the OPG Trust, and address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

We have drafted the attached BN for internal approval (Ron and Gadi) process. Could you please review and let us know if you have any concerns? It would be much appreciated if you could provide us your feedback around noon today, given the limited timeframe on this request.

This has been reviewed by Legal last night and I have incorporated the feedback from Sarah N. (in Lisa's absence).

Please let me know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

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Regards.

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From:	Lisa Stein
To:	Jean-Francois Beaupre
Cc:	John Kim; Sarah Harris; Opal Kandelas; Gavin He; Ryan Blackbyrne
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Monday, November 20, 2017 1:54:31 PM

Thank you for the update. Have we received proposed amendments from IESO?

From: Jean-Francois Beaupre
Sent: Monday, November 20, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Lisa,

John and Opal discussed this matter and I think John was working on a revised briefing note.

Kind regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 10:51 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi J-F,

Can you please update me on the status of this file?

Thank you,

Lisa

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To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
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Cc:	John Kim; Sarah Harris; Opal Kandelas; Gavin He; Ryan Blackbyrne
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Monday, November 20, 2017 10:58:19 AM

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From: Lisa Stein
To: Jean-Francois Beaupre
Cc: John Kim
Subject: RE: IESO - OEFC credit facilities : permitted liens
Date: Monday, November 20, 2017 10:51:28 AM

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Date:	Thursday, November 16, 2017 1:52:13 PM

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To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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From:	Jean-Francois Beaupre
To:	Gavin He; Sarah Harris; Ryan Blackbyrne
Cc:	Lisa Stein; Opal Kandelas; John Kim
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Thursday, November 16, 2017 1:42:08 PM

Hi Gavin,

I discussed your request for me to come down to the 3rd floor for a quick chat with you and John with Opal.

At this time, our preference would be to obtain clarifications from CEFD and/or IESO in response to the comments we raised so that we may gain a better understanding of the potential implications for OEFC. Opal suggested that we could have a call or meeting tomorrow if you think that would be helpful?

Kind regards,
J-F

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 12:25 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Dear Gavin,

Please find attached our consolidated comments on the draft note.

We are happy to discuss further as always.

Thanks,
J-F

From: Gavin He
Sent: Thursday, November 16, 2017 8:21 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi all,

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"permitted liens" in the OEFC credit facility agreements are the same for the request to OFA. The IESO wants to be able to grant security to the OPG Trust, and address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

We have drafted the attached BN for internal approval (Ron and Gadi) process. Could you please review and let us know if you have any concerns? It would be much appreciated if you could provide us your feedback around noon today, given the limited timeframe on this request.

This has been reviewed by Legal last night and I have incorporated the feedback from Sarah N. (in Lisa's absence).

Please let me know if you have any questions.

Thanks,
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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
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To:	Gavin He; Sarah Harris; Ryan Blackbyrne
Cc:	Lisa Stein; Opal Kandelas
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Thursday, November 16, 2017 12:25:17 PM
Attachments:	IESO-OEFC - FHP LoC_Nov 2017_v7 (007).docx

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We are happy to discuss further as always.

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J-F

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The Independent Electricity System Operator ("IESO") has requested OEFC to amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations the IESO is taking on under Ontario's Fair Hydro Plan.

CONTEXT

The Fair Hydro Plan will require the IESO and Ontario Power Generation (OPG) to work together to spread out the costs of Ontario's clean energy investments over a longer period of time, which ensures that the costs of these investments are allocated fairly among current and future ratepayers. This is being accomplished through refinancing a portion of the Global Adjustment (GA). The IESO and OPG are in a discussion to potentially grant the security/priority on IESO's assets to the OPG Trust for the period of the first four years of the GA deferral. The IESO will seek its Board approval on Nov 22, 2017 for the security agreement and this would be in conflict with OEFC's $160M and $120M credit facility agreements (the "OEFC Agreements") with the IESO without the requested amendments. Paragraph 4.7 – Negative Pledges – in both OEFC credit facility agreements does not allow IESO to grant such security/priority to the OPG Trust.

In order to address this issue, the IESO has requested OEFC to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the Fair Hydro Plan (FHP). Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations towards OPG. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want inadvertently to be in default.

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act") in July 2017, the IESO had reached out to the Capital Market Division – Operations of the OFA to make the same request to the credit facility agreements with OFA in October. The OFA staff have recommended providing the requested amendments and amended the $475M and $2B credit facility agreements between OFA and the IESO on November 6th, 2017 (the "OFA Agreements"), as suggested by the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

RECOMMENDATION

- To support IESO's role in the implementation and participation under the OFHP Act and also to be consistent with the approach OFA implemented , OFA staff are of the view that the exisiting OEFC Agreements require amendments to the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, it is IESO's position that it wants to make such change to the definition of the permitted liens to make sure that the IESO is not inadvertently in default of its security obligations to OPG Trust ~~is still required in order for IESO to~~and meets its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation,

Commented [JB1]:
If the existing agreements between OEFC and IESO will not be used for OFHP purposes (see 2nd bullet in "Recommendations") and since draws for FHP purposes will only made from the OFA-IESO $2B credit facility agreement, there does not appear to be a clear rationale why the definition of 'permitted liens" needs to be amended in the OEFC agreement at this time. Please advise.

Commented [JB2]:
We are not privy to the 'security agreement' and need to understand why this would be in conflict with existing agreements. Please explain what are the risks, if any, of OEFC permitting IESO to grant priority to OPG Trust?

(e.g. If changes were made to the Clean Energy Adjustment fund collected by IESO in the future and OPG Trust had liens in place against these assets, is there a possibility that IESO would default on its 'non-OFHP' related obligations to OEFC? How would this work?

Commented [JB3]:
We require a better understanding of how the GA, Clean Energy Adjustment Funds and OPG Trust fit together in the context of OEFC. Please advise.

May you please explain if the GA is related to OEFC and how this may impact the existing $120M and $160M agreements precisely?

It would be helpful if you could please provide an example of a situation where non-OFHP related business conducted between IESO-OEFC would end up as part of a lien related to FHP obligations?

Commented [JB4]:
Should these agreements be examined on a case-by-case basis to determine what they are being used for and only those agreements which pertain to OFHP obligations should be amended?

Commented [JB5]:
How would funds collected from the Clean Energy Adjustment affect OEFC and IESO's obligations to repay OEFC?

amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 15, 2017

From:	Jean-Francois Beaupre
To:	Lisa Stein
Cc:	John Kim; Sarah Harris; Opal Kandelas; Gavin He; Ryan Blackbyrne
Subject:	RE: IESO - OEFC credit facilities : permitted liens
Date:	Monday, November 20, 2017 2:20:26 PM

Yes, the language would be similar to the OFA-IESO agreements. CEFD is working on a revised briefing note and I would advise waiting on amending the agreements until we have a final version of the note to make sure everyone agrees.

Thanks,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 2:15 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

I assume that the language would be similar to the FHP agreement. However, would it be helpful for Gadi/Ron/Mike to see the language of the proposed amendments in order to inform their decision?

Lisa

From: Jean-Francois Beaupre
Sent: Monday, November 20, 2017 2:06 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Lisa,

The decision to amend the IESO-OEFC agreements for permitted liens is still being determined by Gadi/Ron/Mike. As such, we won't ask IESO for draft amendments until such time as that decision has been made.

Regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 1:55 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas

<Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Thank you for the update. Have we received proposed amendments from IESO?

From: Jean-Francois Beaupre
Sent: Monday, November 20, 2017 10:58 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Lisa,

John and Opal discussed this matter and I think John was working on a revised briefing note.

Kind regards,
J-F

From: Lisa Stein
Sent: Monday, November 20, 2017 10:51 AM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi J-F,

Can you please update me on the status of this file?

Thank you,

Lisa

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 1:52 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi John,

We have an internal discussion earlier this morning which Mike attended. The comments provided

were approved by Sarah and Opal.

Regards,
J-F

From: John Kim
Sent: Thursday, November 16, 2017 1:49 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: RE: IESO - OEFC credit facilities : permitted liens

Hi Jean-Francois,

You had comments in the draft with questions and concerns expressed. Are these approved by Sarah and Opal or comments at your level?

Given that we are under a tight timeline, it would be helpful if we can have a discussion today.

Mike is in the loop on the FHP discussion. Could your group check with him on his views beforehand too?

John

From: Jean-Francois Beaupre
Sent: Thursday, November 16, 2017 1:42 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
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Hi Gavin,

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At this time, our preference would be to obtain clarifications from CEFD and/or IESO in response to the comments we raised so that we may gain a better understanding of the potential implications for OEFC. Opal suggested that we could have a call or meeting tomorrow if you think that would be helpful?

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Please let me know if you have any questions.

Thanks,

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: IESO - Signing Authority Documents
Date: Monday, June 18, 2018 5:02:26 PM

Hi Will and Sarah,

I've reviewed the previous correspondence on this matter and you are correct - my legal opinion has not changed. Please let me know if you would like to discuss tomorrow. However, please note that my availability is limited as I have numerous meetings scheduled throughout the day.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 18, 2018 4:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Signing Authority Documents

Hello,

I recommended to Olga that it is unlikely I will have a reply for her today. I advised her that the signature options were provided by our legal counsel one month ago and it is unlikely to change. I recommended that they begin working on the redacted board resolution in the interim. She said she will call Sarah tomorrow.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 4:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO - Signing Authority Documents

Hello Lisa,

Olga Whiteley (IESO) is asking if IESO can provide a Certificate of Incumbency without a Board Resolution to satisfy required sighing authority documentation. According to Olga their legal counsel are willing to provide the Board Resolution but it would "require some work" to redact non-essential information and to satisfy the deadline of June 18/19. Please let me know if this is possible.

Thanks,

Will

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Monday, June 18, 2018 3:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO - Signing Authority Documents

What is your number Will?

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

Options provided in May, 2018:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan

Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.

~~2. A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~

3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.
5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: IESO - Signing Authority Documents
Date: Monday, June 18, 2018 4:38:38 PM

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Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

Options provided in May, 2018:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. ~~A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.
5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: IESO - Signing Authority Documents
Date:	Monday, June 18, 2018 5:07:42 PM

Thanks Lisa. I think we are good. Have a great evening.

From: Lisa Stein
Sent: Monday, June 18, 2018 5:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Signing Authority Documents

Hi Will and Sarah,

I've reviewed the previous correspondence on this matter and you are correct - my legal opinion has not changed. Please let me know if you would like to discuss tomorrow. However, please note that my availability is limited as I have numerous meetings scheduled throughout the day.

Thank you,

Lisa

From: William Tan
Sent: Monday, June 18, 2018 4:39 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO - Signing Authority Documents

Hello,

I recommended to Olga that it is unlikely I will have a reply for her today. I advised her that the signature options were provided by our legal counsel one month ago and it is unlikely to change. I recommended that they begin working on the redacted board resolution in the interim. She said she will call Sarah tomorrow.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 4:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: FW: IESO - Signing Authority Documents

Hello Lisa,

Olga Whiteley (IESO) is asking if IESO can provide a Certificate of Incumbency without a Board Resolution to satisfy required sighing authority documentation. According to Olga their legal counsel are willing to provide the Board Resolution but it would "require some work" to redact non-essential information and to satisfy the deadline of June 18/19. Please let me know if this is possible.

Thanks,

Will

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Monday, June 18, 2018 3:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO - Signing Authority Documents

What is your number Will?

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, &

CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

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1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. ~~A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~
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4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.
5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Victor Buza
To: Sarah Harris
Cc: Anthony Martinello; Olga Whiteley; William Tan; Lisa Stein
Subject: RE: IESO - Update Incumbency Certificate
Date: Tuesday, June 19, 2018 3:48:51 PM
Attachments: Incumbency Certificate June 19 2018 - EXECUTED.pdf

---

Thanks for you quick response Sarah – attached you will find the executed, updated Incumbency Certificate for IESO (amended as suggested).
Regards,
Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: June 19, 2018 12:55 PM
To: Victor Buza
Cc: Anthony Martinello; Olga Whiteley; William Tan; Lisa Stein
Subject: RE: IESO/OFA - Signing Authority Documents

Victor,

Thank you very much for the draft.

Overall, the certificate looks fine. The only comment we have is that we don't think the last paragraph at the bottom of the page (certification by Barb Anderson for Michael Lyle) is necessary; if that is your standard, however, that's fine.

If it possible to have the draft executed by end of day, that will be helpful ensuring the payment is released ASAP.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, June 19, 2018 12:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO/OFA - Signing Authority Documents

Hi Sarah. Following our call earlier and per item #1 of Will's email below, attached please find the updated form of Incumbency Certificate. Please confirm that this updated form is acceptable and we will proceed to have it executed.

In addition, for your convenience, I also attach the original certified Board Resolution authorizing, among other things, the "Chief Financial Officer or her delegate" with respect to making draws under the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility.

Please call me if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 5:22 PM
To: Olga Whiteley; Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO - Signing Authority Documents

Hello Olga,

My legal department replied back to me and unfortunately a redacted board resolution and certificate of incumbency is required.

Thanks,

Will

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan

Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

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5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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INCUMBENCY CERTIFICATE

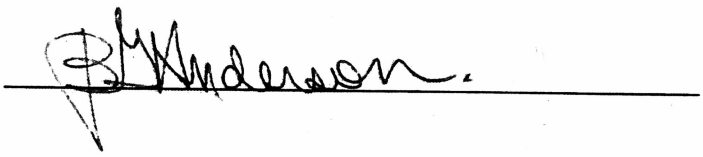
To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

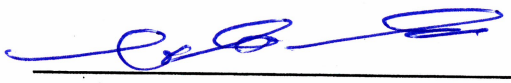
1. Barbara Anderson has been duly appointed as, and as of the date hereof holds the offices of, Chief Financial Officer and Vice-President, Corporate Services (Interim) of the IESO and, for further certainty, has been vested with all of the duties and powers otherwise prescribed to such offices in a permanent capacity.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, the Chief Financial Officer has the authority from time to time to draw upon (i) the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended, and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the 6th day of November, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Barbara Anderson 

DATED this 19th day of June, 2018.



Michael Lyle
Vice-President, Legal Resources and Corporate Governance, General Counsel, Secretary, and Chief Reliability Compliance Officer

From:	Anthony Martinello
To:	William Tan
Cc:	John Kim; Tobias P. Whitfield (MOF); Lisa Stein; Victor Buza; Sarah Harris
Subject:	RE: IESO -> timeline of new facilities and draws
Date:	Thursday, November 02, 2017 9:51:41 AM

Upon further reflection see revised for Nov 17:

Nov 17

- $975MM facility: IESO to file Election Notice to rollover $10,649,081.37 + estimated new advance $2 million -> re: RRRP program
- $975MM facility: IESO to file Election Notice to NOT rollover $825,639,102.00 + ~~estimate new advance $225 million~~ -> re: fair hydro (aka RPP) program
- $2B FHP facility: IESO to file Notice to borrow new $825,639,102.00 + estimate new advance $225 million -> re: fair hydro (aka RPP) program

Regards.

From: Anthony Martinello
Sent: November 01, 2017 10:24 PM
To: William Tan
Cc: John Kim; Tobias P. Whitfield (MOF); Lisa Stein; Victor Buza; 'Sarah Harris'
Subject: IESO -> timeline of new facilities and draws
Importance: High

As discussed with Will, below is a detailed timeline with actual amounts of upcoming IESO-OFA credit events for your review.

This week:

- MOE, OFA, IESO to sign Intercept Letter;
- Sign $2billion fair hydro credit facility;
- Sign amendment #10 to reduce existing $975million facility to $475million facility effective Nov 21;

Nov 17

- $975MM facility: IESO to file Election Notice to rollover $10,649,081.37 + estimated new advance $2 million -> re: RRRP program
- $975MM facility: IESO to file Election Notice to rollover $825,639,102.00 + estimate new advance $225 million -> re: fair hydro (aka RPP) program

Nov 21

- OFA to deposit new advance monies into IESO bank account;
- IESO to pay interest amounts to OFA for both RRRP and fair hydro outstanding amounts (re: interest for Oct 20 to Nov 21 period)
- IESO to sign new grid note payable for $475million and send to OFA;
- OFA to cancel and send to IESO the $975million grid note payable;
- OFA to send via email updated grids reflecting:

- $475MM facility, RRRP to show new increased liability amount;
- $975MM facility, fair hydro -> to show zero balance owing ;
- $2B facility, fair hydro -> to show new fair hydro (RPP) balance;

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: November 01, 2017 2:07 PM
To: Victor Buza
Cc: Anthony Martinello; John Kim; Tobias P. Whitfield (MOF); Lisa Stein; William Tan
Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Hello Victor,

Lisa is in a meeting until 3 p.m.., so I am forwarding our comments on the FHP agreement on her behalf.

We have made a minor change to section 3.2(3) - specifically, we deleted the language "and shall also be noted in the grid of the Grid Note" following "The amount of the Repayment Amount shall be detailed in the Borrowing Notice." This is because the Repayment Amount ($825M) is not the first entry on the FHP Grid; the first entry will be for the entire advance of approximately $1B ($825M + new funds). Anthony and Will just had a call to discuss the particulars of what the various grid notes under the existing facility and new facility will be on November 21st (including partial repayment of the outstanding $840M loan) and Anthony will be circulating an e-mail summarizing that conversation. The Effective Date of the amending agreement to reduce the existing facility will also be November 21st, not November 22nd.

In terms of the intercept letter, we cannot amend the opening paragraph as the OFA Lending Policy requirement is that this agreement must be in place "prior to entering into a loan agreement….". It looks, in practice, that the intercept letter will be executed prior to these two facility agreements, so we surmise this would not be an issue.

We received your most recent draft of the amending agreement. Lisa will be able to review once she is out of her meeting, after 3 p.m.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 5:49 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Subject: RE: FHP Revolving Credit Facility Agreement 2017-2022 Version v7 Revised by IESO Oct 31

Following our conference call this afternoon, please find attached a revised draft of the FHP Credit Facility. Main changes are to s.3.2(3) and to the Intercept provision. See also minor tweaks to the new Entire Agreement Clause (s.7.8) and to the Form of Grid Note (Schedule 3). Other than for s. 3.2(3), I accepted all of your changes so any changes you see are mine.

Anthony has not had a chance to review this so he may have comments, though I am hoping this is pretty closely in keeping with our discussions.

Regarding the Intercept Letter, could you please consider amending the opening to the third paragraph to read: "Prior to or concurrent with entering into a loan agreement with the IESO for the New Credit Facility…"

Comments on AA#10 to follow tomorrow morning.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 30, 2017 4:19 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; John Kim
Subject: FHP Revolving Credit Facility Agreement 2017-2022 Version v7

Hi Victor,

Please find attached the latest black-lined version of the FHP Credit Facility Agreement. In this version, we have made some additional amendments to section 5.7 (Intercept) and section 7.8 (Entire Agreement). We have also added a new sub-section – 3.2(3) to address the IESO's repayment of a portion of the existing credit facility using the first advance. Minor amendments were also made to the Definitions section and the heading in section 4.1.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From: Sarah Harris
To: "Victor.Buza@ieso.ca"
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments
Date: Thursday, April 27, 2017 4:58:29 PM
Attachments: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comment....doc
$120MMNoteIESOBlacklineApr27IESOLegal-rev.docx

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments

Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act, 1998* (as such regulation may be amended

or replaced from time to time), other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements. ~~and costs related to the market renewals program.~~

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

8. This Aamending Aagreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

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IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice

of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

AMENDING AGREEMENT NO. 6

This Amending Agreement is made as of the 30th day of April, 2017

between:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
("IESO")

- and -

ONTARIO ELECTRICITY FINANCIAL CORPORATION
("OEFC")

WHEREAS IESO and OEFC have entered into an agreement Providing for the Issuance of a Note dated April 1, 1999 (the "Original Agreement");

AND WHEREAS pursuant to amending agreements dated March 23, 2000, April 23, 2009, May 1, 2011, May 1, 2013, and April 30, 2014 the parties amended the Original Agreement (as so amended, the "Agreement");

AND WHEREAS the parties wish to further amend the Agreement to increase the loan advanced to IESO from a principal amount of C$90 million to a principal amount of up to C$120 million and to extend the maturity date of the loan to June 30, 2020, all of which is to be evidenced through the the issuance of a Fifth Refinancing Note.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

1. **Defined Terms**

Capitalized terms used in this Amending Agreement and not otherwise defined herein have the meanings specified in the Agreement.

2. **Amendments to Agreement**

(a) Definition of "Loan" in the Agreement is deleted.

(b) Article 1a (The Loan) of the Agreement is deleted in its entirety and replaced with the following:

Article 1a $30 Million Advance

Section 1a.1

Effective April 30, 2017, OEFC will make an advance to IESO in the amount of $30 million (the "$30 Million Advance"). IESO directs OEFC to apply, and OEFC agrees to apply, the $30 Million Advance, first to repay Advances Outstanding (as such term is defined in the Revolving Credit Facility Agreement), if any, under the Revolving Credit Facility Agreement, with any amount remaining out of the $30 Million Advance after repaying all Advances Outstanding to be used by IESO for the purpose of funding new IESO capital expenditures~~, provided IESO is authorized to borrow funds for such purpose.~~. The following sections are added to the Agreement following Section 2.15:

Section 2.16 Fifth Refinancing Note

On April 30, 2017, IESO shall execute and deliver to OEFC a promissory note in the form attached as Schedule 1 (the "Fifth Refinancing Note") which shall be in an aggregate principal amount equal to $120 million, dated as of ~~May 1~~April 30, 2017 and maturing on June 30, 2020 and bearing interest at a per annum rate equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%) (after as well as before default or judgment, with interest on the amounts in default at the same rate). Upon receipt of the Fifth Refinancing Note by OEFC, the Fourth Refinancing Note dated April 30, 2014 shall be of no further force or effect and shall be returned by OEFC to IESO marked "cancelled".

For greater clarity, the Fifth Refinancing Note shall evidence the indebtedness of IESO to OEFC in respect of the principal amount of $90 million under the Fourth Refinancing Note ("Part A") and the additional ~~$30 million advanced to IESO pursuant to section 1a.1 of this Agreement,~~ $30 Million Advance ("Part B"), for a total aggregate principal amount of $120 million.

Notwithstanding Section 1.5 herein, the interest rate on the Fifth~~Fifth~~ Refinancing Note shall be set on Monday, May 1, 2017, with interest accruing on Part A commencing on Sunday, April 30, 2017, and interest accruing on Part B commencing on Monday, May 1, 2017.

Section 2.17 Interest on Fifth Refinancing Note

Notwithstanding Section 1.5 herein, iInterest on the Fifth Refinancing Note at the rate specified in Section 2.16 shall accrue daily and shall be payable in equal semi-annual instalments on June 30 and December 31(each an "Interest Payment Date"), provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall be ~~calculated~~ in respect only of the period from and including ~~May 1~~April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from May 1, 2017 to but excluding June 30, 2017..

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under the Fifth Refinancing Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.**"**

3. **Reference to and Effect on the Agreement.**

On and after this date, each reference in the Agreement to "this Agreement" and each reference to the Agreement in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Agreement as amended by this Amending Agreement. On and after this date, each reference in the Agreement to either "the Note" or "the New Note" and each reference to either "the Note" or "the New Note" in any and all other agreements, documents and instruments delivered by IESO and OEFC shall mean and be a reference to the Fifth Refinancing Note.

4. **Governing Law**

This Aa~~a~~mending Aa~~a~~greement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

5. **Counterparts**

This Aa~~a~~mending Aa~~a~~greement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same agreement.

6. **Enurement**

This Aa~~a~~mending Aa~~a~~greement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

IN ALL OTHER RESPECTS, the Agreement is confirmed by the parties.

IN WITNESS WHEREOF the parties have executed and delivered this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by: _____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1
FORM OF FIFTH REFINANCING NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

NOTE

Aggregate Principal Amount: ~~_~~ $120 million~~_____~~,
consisting of: a Part A amount of $90 million ("Part A"), whereon interest accrues commencing on April 30, 2017, and a Part B amount of $30 million ("Part B"), whereon interest accrues commencing on May 1, 2017.

Date: April 30, 2017

Interest Rate: (Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020 + 50 basis points)

Due: ~~_____~~June 30, 2020

FOR VALUE RECEIVED, the INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC") at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of $120 million in lawful money of Canada, with interest on such amount at the rate, calculated in the manner and payable at the times specified in this Note.

The principal amount of this Note together with all interest accrued thereon shall become due and payable on June 30, 2020.

The principal amount of this Note remaining from time to time unpaid and outstanding shall bear interest from the date of this Note both before and after maturity and both before and after default at the rate per annum equal to the Province of Ontario's cost of borrowing for the period from ~~May 1~~April 30, 2017 to June 30, 2020, as determined by the Chief Executive Officer of OEFC or the Chief Operating Officer of OEFC, or by a person designated by either of them, plus fifty basis points (0.50%). Interest at such rate shall accrue daily and shall be payable in arrears in equal semi-annual instalments on June 30 and December 31 (each an "Interest Payment Date") commencing June 30, 2017, provided however that the calculation of the amount of the first such interest payment for Part A ~~the Fifth Refinancing Note~~ shall ~~be calculated~~ in respect only of the period from and

including April 30, 2017 to but excluding June 30, 2017, and for Part B in respect only of the period from and including May 1, 2017 to but excluding June 30, 2017
.

For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Note for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of an agreement providing for the issuance of a note dated April 1, 1999 between the IESO and OEFC and amended by an amending agreement dated March 23, 2000, an amending agreement dated April 23, 2009, an amending agreement dated May 1, 2011, an amending agreement dated May 1, 2013, an amending agreement dated April 30, 2014, and an amending agreement dated April 30, 2017 (as so amended, the "Agreement"), which Agreement provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

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This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

From:	Lisa Stein
To:	Sarah Harris
Cc:	Kelly Listoe
Subject:	RE: IESO Amendments
Date:	Friday, April 28, 2017 11:18:22 AM

Great news, thanks!

From: Sarah Harris
Sent: Friday, April 28, 2017 11:14 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

HI Lisa,

Victor has signed off on the agreements, with the small formatting/corrective changes per 1. Below. The last draft is attached. Kelly is arranging for execution in counterparts. Hurrah!

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 10:52 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO Amendments

Here are (hopefully) my final comments on the Agreements:

1. Re the Note Agreement (attached), I had to fix some formatting – the para (c) intro clause had accidentally been absorbed into the preceding section (b), so I broke it back out, and then opened quotes for the beginning of the 2.16 adder (there were close quotes but not open). Also, I had to insert the word "be" in the Note for correct grammar (it was in the main body language but not in the Note). I also removed one double period. Other than that, I just formatted it so the last page is not a signature block only.

2. Re the Revolving Credit Agreement, I am ok with that. Only question I have is what the Grid should look like to attach to the Note. When I print the Note for signing, there will not actually be any kind of real Grid showing numbers. Are you able to complete the Grid itself now and send it to me so I can have it for the signor to see when signing the Note ? Or is that not feasible or normal practice?

Thanks
Victor

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 28, 2017 9:06 AM
To: Victor Buza
Cc: Sarah Harris
Subject: RE: IESO Amendments

Hi Victor

I am resending these. They are ok on my screen.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, April 28, 2017 8:11 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO Amendments

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority

1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the “new” $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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From: Lisa Stein
To: Sarah Neville
Subject: RE: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement
Date: Tuesday, June 06, 2017 12:42:19 PM

Hi Sarah,

I worked on the previous IESO agreements and I can work on this one as well. However, I don't recall discussing this matter this morning.

Thanks,

Lisa

From: Sarah Neville
Sent: Tuesday, June 06, 2017 12:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement

Hi Lisa – see below. This relates to the directive you mentioned to me this morning, I believe?

Sarah

From: William Tan
Sent: Tuesday, June 06, 2017 12:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO Credit Facility Amending Agreement and new IESO FHP Credit Facility Agreement

Hello Sarah,

I am preparing an IESO Credit Facility Amending Agreement and a New IESO FHP Credit Facility Agreement. Please let me know who would be available to assist with these agreements? Salman Qadir is working on the related directive and he would also require counsel to work on that as well. It would make sense to have the same counsel from OFA legal to assigned to the same file.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Neville
To: John Kim; Lisa Stein
Subject: RE: IESO Credit Facility
Date: Tuesday, September 19, 2017 9:28:20 AM

Hi John, I am available until 10 and then after 11.

From: John Kim
Sent: Tuesday, September 19, 2017 9:21 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: IESO Credit Facility

Hi Lisa, Sarah,

Could we have a quick chat about the requested IESO credit facility and the OFA Lending Policy? Could you let me know when you are free? The earlier the better pls.

Thanks,

John

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

From: John Kim
To: Sarah Neville; Lisa Stein
Subject: RE: IESO Credit Facility
Date: Tuesday, September 19, 2017 9:34:26 AM

I will come by now. I'm happy to meet again.

Thanks,

John

From: Sarah Neville
Sent: Tuesday, September 19, 2017 9:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Credit Facility

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John

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

From: Lisa Stein
To: Salman Qadir
Subject: RE: IESO Credit facility
Date: Monday, April 03, 2017 10:19:38 AM

Thank you for the update

From: Salman Qadir
Sent: Monday, April 03, 2017 9:29 AM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: IESO Credit facility

FYI

From: Gavin He
Sent: Monday, April 03, 2017 9:17 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO Credit facility

Hi Salman,

FYI – DM signed the IESO credit facility and is with MO now.

Regards,
Gavin He

From: Pearce, Christopher (MOF) [mailto:Christopher.Pearce@ontario.ca]
Sent: Monday, April 03, 2017 9:02 AM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: IESO Credit facility

DM signed on Friday. With the MO for Minister's sign-off.

P.S. Welcome Anna!

Christopher Pearce
Senior Policy Advisor
Deputy Minister's Office | Ministry of Finance
p: 416.325.8736 | bb: 647.981.7551
christopher.pearce@ontario.ca

From: Gavin He
To: William Tan
Cc: Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject: RE: IESO DIRECTIVE decrease line of credit
Date: Thursday, July 20, 2017 11:30:57 AM

Hi William,

We have discussed this with our Director, John Kim, and we would like to move forward with Sarah Neville's suggestion, to provide the proposed language to IESO that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

If IESO is good with this, then there's no need to do another directive.

Please let us know if you have any additional questions/concerns.

Thanks,
Gavin He

From: William Tan
Sent: Thursday, July 20, 2017 11:15 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO DIRECTIVE decrease line of credit

Hello Gavin,

I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.

Thanks,

Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah and all,

Sorry we were tied up with a few deliverables today, so we haven't had a chance to discuss this within the Branch (and with Ron) yet. We will try to get clarification soon.

Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?

Thanks,
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Sent: Wednesday, July 19, 2017 3:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah N.,

Thanks for the summary. Will had a chat with Ken and will be providing more details soon, but the bottom line is that the argument can be made that 'liquidity purposes' is broad enough to cover temporary funding of corporate requirements, as well as anything under the reg. That being said, if there is the opportunity to get a new Directive to clarify, he said that would be better.

Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?

Thanks,
Sarah

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To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He

<Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO DIRECTIVE decrease line of credit

Hello –

Further to our meeting yesterday, attached is a draft directive seeking a decrease in the line and amended use of proceeds.

I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
- The control with respect to using proceeds for purposes and requirements in relation to the operations and activities of the OPG prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation, is limited *to the extent not inconsistent with the Regulation*;
- The condition with respect to the use of proceeds states the proceeds of Advances, "may be used only for liquidity purposes and to *temporarily* fund corporate requirements". This does not track the language in the Regulation 280/14 exactly. The Regulation in place at the time amending agreement 8 was entered into reads at 3(1) "The IESO may borrow only for the purpose of funding *corporate requirements* and for liquidity purposes". The word *temporarily* is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO

under the procurement contracts referred to in that Part. O. Reg. 162/15, s. 3.

The recent amendments to add the FHP added the following:

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	Sarah Neville
To:	William Tan; Gavin He; Sarah Harris
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:57:21 PM

Sorry, to clarify, I think we should seek a clarifying directive unless IESO agrees to language that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

From: Sarah Neville
Sent: Wednesday, July 19, 2017 3:37 PM
To: William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

I think we should seek a clarifying directive, if possible.

Sarah

From: William Tan
Sent: Wednesday, July 19, 2017 3:35 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hello all,

I have spoken to Ken Kandeepan to get his view from an accounting perspective. I asked if our the wording used in our directives is flexible enough to cover authorized borrowing from Regulation 280/14.
To paraphrase Ken: You can make the argument liquidity covers variances and corporate requirements but if you have the opportunity to change the directive and so you can be fully covered by the directive. Why not.

Directive Minister of Finance OPA Credit Facility Directive Dec 18, 2013 (Paragraph 3) from

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Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

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From: Sarah Neville
Sent: Wednesday, July 19, 2017 3:24 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

No need to get a new directive provided the IESO agrees to add the words "only for liquidity purposes" to the draft use of proceeds language it has proposed.

Without the addition of a limitation it is borrowing permitted under the Reg which includes "corporate requirements" not "temporary corporate requirements", in that case my recommendation would be a new directive is obtained to clarify the record.

Sarah

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Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah and all,

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Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?

Thanks,
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Subject: RE: IESO DIRECTIVE decrease line of credit

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Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?

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I reviewed the language in amending agreement 8 and I note the following:

- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
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temporarily is not in the Reg. This may support an argument that no amendment was required to the use of proceeds section of Credit Agreement to implement the November 28, 2016 Directive supporting the amending agreement number 9 on the basis that "temporary" funding is a liquidity purpose. Does that make sense.?

Below is the relevant section from the Regulation at the time the most recent Directive was issued in November last year.

Authorized borrowing

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If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	Sarah Neville
To:	William Tan; Gavin He; Sarah Harris
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:37:11 PM

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Thanks very much,

Sarah

From:	William Tan
To:	Sarah Neville; Gavin He; Sarah Harris
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:34:37 PM

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I have spoken to Ken Kandeepan to get his view from an accounting perspective. I asked if our the wording used in our directives is flexible enough to cover authorized borrowing from Regulation 280/14.
To paraphrase Ken: You can make the argument liquidity covers variances and corporate requirements but if you have the opportunity to change the directive and so you can be fully covered by the directive. Why not.

Directive Minister of Finance OPA Credit Facility Directive Dec 18, 2013 (Paragraph 3) from Amending Agreement 7
Provide that effective as of December 31, 2013 advances under the Loan Agreement may be used only for liquidity purposes and to temporarily fund corporate requirements.

Directive Minister of Finance IESO Credit Facility (paragraph 4) Amending Agreement 9
Provide effective as of December 31, 2016 advances under the Loan Agreement may be used only for liquidity purposes.

From: Sarah Neville
Sent: Wednesday, July 19, 2017 3:24 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

No need to get a new directive provided the IESO agrees to add the words “only for liquidity purposes” to the draft use of proceeds language it has proposed.

Without the addition of a limitation it is borrowing permitted under the Reg which includes “corporate requirements” not “temporary corporate requirements”, in that case my recommendation would be a new directive is obtained to clarify the record.

Sarah

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah and all,

Sorry we were tied up with a few deliverables today, so we haven't had a chance to discuss this within the Branch (and with Ron) yet. We will try to get clarification soon.

Also, if the term "liquidity purposes" is broad enough to cover temporary funding of corporate requirements, is there a need to get another directive? Just for clarification purpose?

Thanks,
Gavin He

From: Sarah Harris
Sent: Wednesday, July 19, 2017 3:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi Sarah N.,

Thanks for the summary. Will had a chat with Ken and will be providing more details soon, but the bottom line is that the argument can be made that 'liquidity purposes' is broad enough to cover temporary funding of corporate requirements, as well as anything under the reg. That being said, if there is the opportunity to get a new Directive to clarify, he said that would be better.

Gavin, have you had the opportunity to speak with Ronald K regarding the scope of the reg, and has he provided direction on the matter?

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To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
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Subject: IESO DIRECTIVE decrease line of credit

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- It permits the IESO from and after the Amalgamation to use the proceeds of Advances only as authorized by the Regulation (defined as Reg 280/14);
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If OFHP funding can't be considered a "liquidity purpose", my view is that in order to accept IESO's proposed revision to the use of proceeds language, a new directive is required. The alternative remains to add a condition to IESO's use of proceeds language limiting the use of proceeds to liquidity purposes only.

Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	Sarah Neville
To:	Gavin He; Sarah Harris; William Tan
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:23:47 PM

No need to get a new directive provided the IESO agrees to add the words "only for liquidity purposes" to the draft use of proceeds language it has proposed.

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Subject: RE: IESO DIRECTIVE decrease line of credit

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Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	Gavin He
To:	Sarah Harris; Sarah Neville; William Tan
Cc:	Lisa Stein; Shajee Kathirgamanathan
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:13:14 PM

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Thanks very much,

Sarah

From:	Sarah Harris
To:	Sarah Neville; William Tan; Gavin He; Shajee Kathirgamanathan
Cc:	Lisa Stein
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Wednesday, July 19, 2017 3:07:16 PM

Hi Sarah N.,

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Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From:	William Tan
To:	Gavin He
Cc:	Lisa Stein; Shajee Kathirgamanathan; Sarah Harris; Sarah Neville
Subject:	RE: IESO DIRECTIVE decrease line of credit
Date:	Thursday, July 20, 2017 11:48:27 AM

Hi everyone,

I think we need to keep in mind including the condition of "provided that Advances may be used only for liquidity purposes" in the "Use of Proceeds" works if Anthony and Victor (IESO) accepts it, otherwise we may have to fall back on plan B, the directive route.

From: Gavin He
Sent: Thursday, July 20, 2017 11:31 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO DIRECTIVE decrease line of credit

Hi William,

We have discussed this with our Director, John Kim, and we would like to move forward with Sarah Neville's suggestion, to provide the proposed language to IESO that specifically refers to "liquidity purposes" such as;

> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, as such regulation may be amended or replaced from time to time provided that Advances may be used only for liquidity purposes."

If IESO is good with this, then there's no need to do another directive.

Please let us know if you have any additional questions/concerns.

Thanks,
Gavin He

From: William Tan
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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: FW: IESO DIRECTIVE decrease line of credit

Hello Gavin,

I would like to provide Anthony Martinello (IESO) with a status update for the Amending Agreement 10 (as we have had it for nearly two weeks now). I was wondering if it's possible to for Electricity Finance to may make a determination as to the wording/direction for the "Use of Proceeds". As you mentioned, if our goal is to seek a new directive, we require internal sign-offs by the end of this week in order to be on track to have the Minister's signature by August 7th.

Thanks,

Will

From: Gavin He
Sent: Wednesday, July 19, 2017 3:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Please let me know your thoughts on how you would like to move forward.

Thanks very much,

Sarah

From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:26:13 PM

Thanks Will. These changes will work for us. Please proceed to make the like changes to Amending Agreement 10.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 30, 2017 10:52 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.

Incumbency Certificate
Thanks,
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From:	William Tan
To:	"Anthony Martinello"
Cc:	Victor Buza; Sarah Harris; Sarah Neville; Caroline Swerdlyk; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 30, 2017 10:52:24 AM
Attachments:	FHP credit facility agreement draft OFA Legal Aug 18 IESO Aug 28 (markup)v2.docx FHP credit facility agreement draft (Aug 30 draft - compare to IESO Aug 28)v2.docx

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Will

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To: William Tan
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Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Amending Agreement 10

FHP Credit Facility

Resolution of the Board of Directors.

Incumbency Certificate

Thanks,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may~~ includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and statutory~~ role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise.~~

Commented [VB1]: Please explain concern in narrowing language.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~ with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~5~~3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), E~~e~~E~~ach notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3)., Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [CS2]: Correction to a cross-reference

(2) Each notice ~~for~~to ~~continue an Continued~~ to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; ~~the amount of the Advance or portion thereof to be continued and to which the election request applies;~~ (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued; (d) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable);~~ and (d~~e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). ~~For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

~~(2)~~(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

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(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as

such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

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Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning

Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The ~~aggregate~~ principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

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The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

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The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~an previous~~an Advance or a ~~or (which may include a~~ Continued Advance, as the case may be~~)~~, ~~for an additional term, and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~ and in connection with such election ~~the foregoing,~~ ~~such election,~~ sets forth below the information relating to such election ~~relating to such election~~ as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election ~~and new Advance (if any)~~, being a Business Day~~,~~ (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

~~(a) The previous Advance to which the election request applies is _____ [Insert principal amount of Advance and Advance date].~~

~~(b)~~(c~~b~~e) The IESO will pay on the C~~c~~urrent Repayment Date the following amount with respect to the Advances~~s~~ (if any): $_____

~~i. The amount of interest the IESO will re-pay with respect to on the previous Advance set out in (b)(a) is $_____ [Insert interest amount to be re-paid on current Repayment Date].~~

~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____.~~

~~(c)~~(cd) ~~The new aggregate total amount of the proposed Continued Advance is $_____, which is comprised of:~~

~~i. previous principal amount (or portion thereof) of Advance which is to be continued [or portion thereof] $_____; andand,~~

~~ii. accrued interest on previous Advance [or portion thereof] which will not be repaid $_____; and.~~

~~iii. amount of new Advance $_____.~~

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~~(d)~~ (ed) The N~~n~~ew Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed ~~Continuedproposed new~~ Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

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Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~Revolving Credit Facility Grid Note~~

~~Date~~	~~Principal Advanced~~	~~Rate~~	~~Repayment Date and Principal Repaid~~	~~Interest Payment Date and Amount~~	~~Unpaid Principal Balance~~	~~Notation Made By~~

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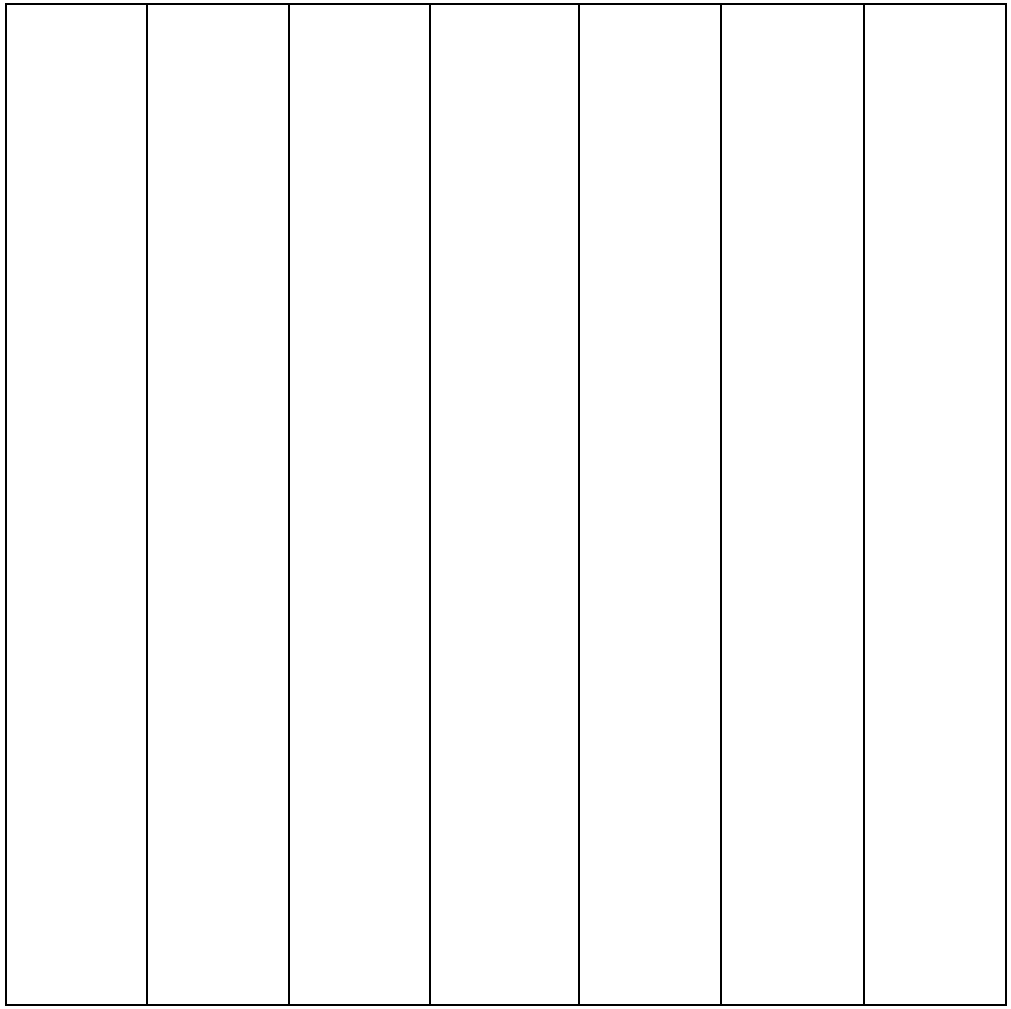

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
	Total Principal Advanced										

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August (·), 2017

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REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, ~~may include~~includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

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"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;
(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of

such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's ~~statutory~~role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

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Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together ~~will~~with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(~~3),~~ 5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. ~~Except with respect to new Advances made under an Election Notice as permitted by Section 3.3(2), each~~Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any ~~previous~~ Advance and any amount of interest on such ~~previous~~ Advance~~, and may also add a new Advance principal amount~~ (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice ~~for a Continued~~to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to

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the Repayment Date of the Advance~~,~~ (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~amount of the Advance or portion thereof to be continued and to which the election request applies; (~~Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO ~~on~~ with respect to such Advance on the ~~current~~Current Repayment Date; ~~(c) the principal amount of any new Advance that IESO proposes to add to the Advance to be continued;~~and (d~~) the new aggregate total amount of the proposed Continued Advance (i.e. including the amounts under (a), (b) and (c) immediately preceeding, as applicable); and (e~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date~~. For further certainty, an Election Notice may not be used for a new Advance unless an amount from a previous Advance is being continued.~~ (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

~~(3)~~(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

~~(4)~~(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5)~~(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

~~(6)~~(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual

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rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Commented [VB4]: this is the accepted usage

Commented [CS5R4]: Ok

Commented [VB6]: this is the accepted usage

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111
provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

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Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall

Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

Election Notice

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO ~~(i)~~ elects to continue for an additional term all or a portion of ~~a previous~~an Advance ~~(which may include~~or a Continued Advance, as the case may be~~), and (ii) proposes to add as a new Advance the additional amount set out below (if any),~~, and in connection with ~~the foregoing,~~such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election~~ and new Advance (if any),~~ being a Business Day~~,~~ (being the Current Repayment Date) is _____.

~~(b) The IESO will pay on the current Repayment Date the following amounts (if any):~~

~~i. The amount of interest with respect to the previous Advance is $_____ [Insert interest amount to be paid on current Repayment Date].~~

(b~~ii. The amount of principal or portion thereof with respect to the previous Advance is $_____~~.

~~(c~~) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. ~~previous~~ principal amount (or portion thereof) of Advance which is to be continued $_____;
and

~~ii.~~ ii. accrued interest on ~~previous~~ Advance ~~[or portion thereof]~~ which will not be ~~repaid $_____;~~ ~~and,~~paid on or before the Current Repayment Date $_____;

~~iii. amount of new Advance $_____~~.

~~(c)The new~~
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $_____

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Commented [CS7]: Moved up to (b)

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Borrowing Notice

The IESO gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the ~~Continued~~Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

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Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

By: _____

~~**Revolving Credit Facility Grid Note**~~

~~**Date**~~	~~**Principal Advanced**~~	~~**Rate**~~	~~**Repayment Date and Principal Repaid**~~	~~**Interest Payment Date and Amount**~~	~~**Unpaid Principal Balance**~~	~~**Notation Made By**~~

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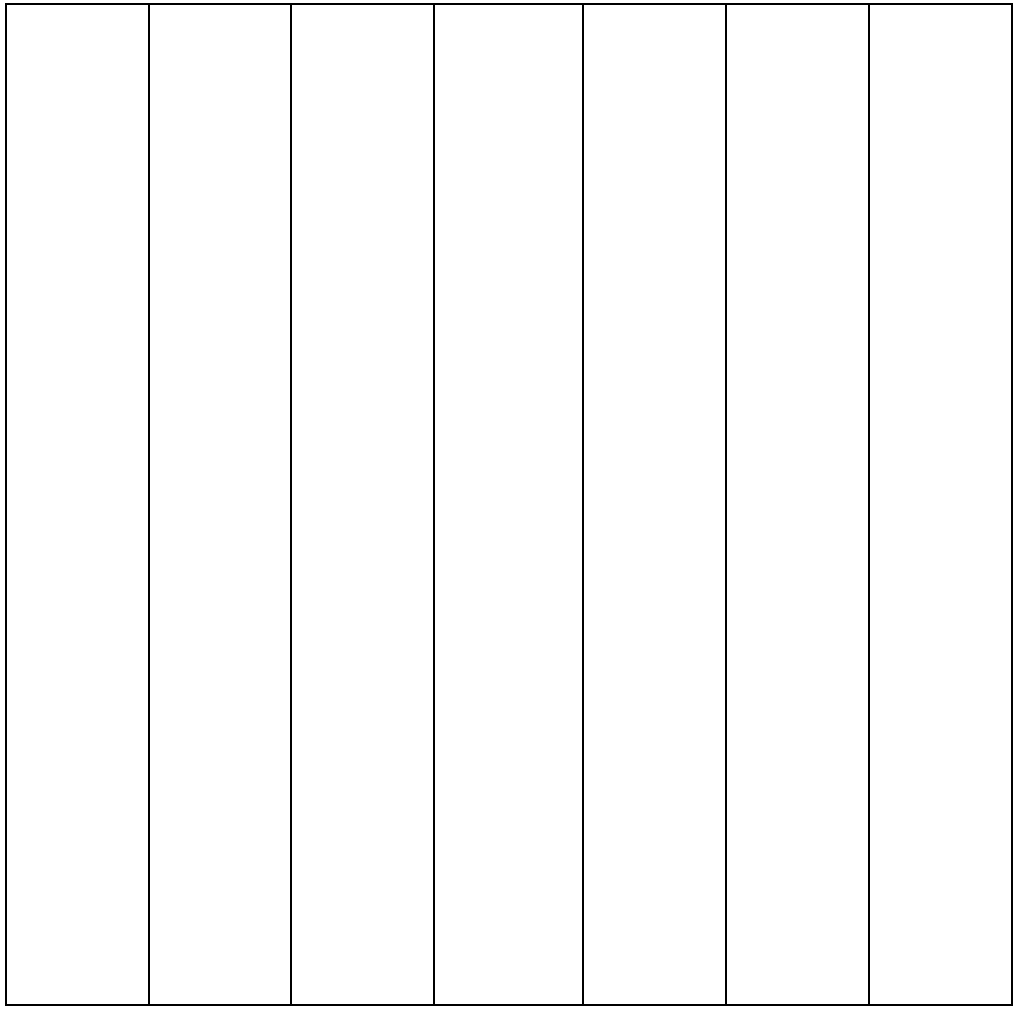

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
	Total Principal Advanced										

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From:	Anthony Martinello
To:	William Tan; Victor Buza
Cc:	Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 25, 2017 4:48:18 PM

Will – Victor or I will send over the draft with our tracked edits/comments on Monday. Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 25, 2017 2:58 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor,

How are the agreements coming along and if you require any assistance from us?

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will,

As a business/commercial item (not a legal item), I would like to discuss the following.

The current $975M facility's Election Notice is different that the proposed $2B facility's Election Notice.

When the IESO currently borrows on the $975M, the practice has been that the Election Notice is used to capture all pertinent info needed. But my understanding of the proposed $2B forms are that the IESO would need to supply both a) Election Notice (e.g. rollover amounts) and b) Borrowing Notice (e.g. any new principal) each month.

Call me to discuss, as I think there may be some room to make this more efficient for both the IESO and OPA.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor

Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.

Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Anthony Martinello"; Victor Buza
Cc:	Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 25, 2017 2:57:31 PM

Hello Anthony and Victor,
How are the agreements coming along and if you require any assistance from us?
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

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Call me to discuss, as I think there may be some room to make this more efficient for both the IESO and OPA.
Regards.

Anthony Martinello Director, Treasury & Pension Operations
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Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
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Capital Markets Division | Ontario Financing Authority
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From:	William Tan
To:	Sarah Harris; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Wednesday, August 23, 2017 10:55:48 AM

Hello,
I have spoken to Anthony. As expected he prefers to use the Election Notice for new advances and rollover amounts. He will make the appropriate changes and send them to us for review.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:33 AM
To: William Tan
Cc: Sarah Harris ; Lisa Stein ; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
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From: Anthony Martinello
To: William Tan
Cc: Sarah Harris; Lisa Stein; Victor Buza
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 23, 2017 8:33:19 AM

Will,

As a business/commercial item (not a legal item), I would like to discuss the following.

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Regards.

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Independent Electricity System Operator (IESO) | T: 905-403-6944
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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Friday, August 18, 2017 5:22:46 PM

Understood Will. Thanks.
FYI, I was under the impression that we had forwarded

(i) the form of extract of board resolution and
(ii) the form of incumbency certificate

for your approval prior to us finalizing and executing those documents.
Let me know if I you have not received those. If you have, please confirm that their form is satisfactory.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 5:16 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

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1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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---

From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement

Hello Anthony and Victor,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Friday, August 11, 2017 4:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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From:	William Tan
To:	"Anthony Martinello"; "Victor Buza"
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date:	Friday, August 18, 2017 5:16:26 PM

Hello Anthony and Victor,
To clarify that IESO still needs to comment on our proposed changes as well as OFA getting the signed directive.
Thanks,
Will

From: William Tan
Sent: Friday, August 18, 2017 3:18 PM
To: 'Anthony Martinello' ; 'Victor Buza'
Cc: Sarah Harris ; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: William Tan
Sent: Monday, August 14, 2017 4:18 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement
Hello Anthony and Victor,
My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. While reviewing the last draft for the new credit facility, we became aware of a policy requirement for which we will need to obtain an additional directive prior to execution of the agreement. We

estimate that this will likely take 3 or 4 weeks. Knowing that IESO's next funding request will be sent to the OFA on August 17th (for funding on August 21st), the August FHP draw will need to be made under the existing $975 million credit facility. At the time we execute the new $2 Billion facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility. We can set-up a call to discuss the details how this would work.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Friday, August 11, 2017 4:15 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: IESO FHP Credit Facility Agreement

William,

Just checking in….any status on when the new $2B and $475M credit docs will be finalized for execution?

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca]

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From: Caroline Swerdlyk
To: William Tan
Cc: Sarah Harris; Sarah Neville; Lisa Stein
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:49:52 PM

Thanks Will.
I will update the Amending Agreement No. 10. I understand that the instructions are to update the Amending Agreement to:

- Replace Schedule 2, Form of Election Notice, with the FHP Agreement Form of Election Notice (e.g. add the Borrowing Notice), with the following exceptions:
  - Don't allow for rollover of accrued interest
  - New Repayment Date to be no earlier than 28 days after Current Repayment Date
- Complementary amendments to the definitions, s. 3.2 and 3.3 of the Credit Agreement that are required for the new Form of Election Notice

Please let me know if this is correct or if I am misunderstanding what needs to be changed.
With respect to #3 in your email – Amending Agreement No. 9 requires one Business Days' prior notice for an Election Notice. Two Business Days are required for an Advance/Borrowing Notice under s. 3.2(1) of the Credit Agreement (as amended by Amending Agreement No. 9). If the Election Notice could now include a Borrowing Notice, then I think the notice requirement for an Election Notice should be increased to 2 business days to comply with s. 3.2(1) of the Credit Agreement. Do you agree or have any concerns? If my question is not clear, please let me know and we can discuss.
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:30 PM
To: Caroline Swerdlyk
Cc: Sarah Harris ; Sarah Neville ; Lisa Stein
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Caroline,
Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
Also attached is the History of IESO OFA Amending Agreements doc.

1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.

Thanks,
Will

From: Caroline Swerdlyk
Sent: Wednesday, August 30, 2017 3:16 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hi,

I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:

- The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
- The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.
- The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.
- The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

  (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

  (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

  (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,

Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.

Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10

Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Caroline Swerdlyk
To: William Tan; Sarah Harris; Sarah Neville; Lisa Stein
Subject: RE: IESO Grid Notes
Date: Wednesday, August 30, 2017 5:05:41 PM
Attachments: 20170830165941897.pdf
image001.png
image002.png

Hi Will,
Just looking at the "Principal Advanced or Rollover Amount" column for the RRRP Grid Notes, it seems to me that your rough version and the version below in the email are consistent with each other (they both have the same current total), but the one below is cumulative, whereas the attached is not.
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 4:58 PM
To: Sarah Harris ; Sarah Neville ; Caroline Swerdlyk ; Lisa Stein
Subject: RE: IESO Grid Notes
Hello,
Anthony is correct that the Grid note provided to him that the Advances are consoldiated into one line item, but I think its done incorrectly.
If you look closely to the items above the number I crossed out, it appears to be some double counting.
I have attached my rough version suggesting how it should appear.

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Regulated Price Plan Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 975,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016	31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016	30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017	28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017	29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	$73,796.11	$73,796.11	$0.00	$73,796.11	21-Jul-2017	31
21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,700,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Project: Rural or Remote Electricity Rate Protection Variance
Schedule of loan transactions to: 21-Aug-2017
Loan Limit: 475,000,000.00
Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 30, 2017 3:42 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: FW: IESO Grid Notes
Hi,
Just for clarity. Below is an example of the OFA's regular email and grid notes (see attached) that the IESO receives each month directly from the OFA.
You will note that the grid notes shows one row and its respective aggregated amount for each month's advance (previous + new).
It was noted on yesterday's call that each respective advance has its own row and # of days updated in the grid note – in practice the IESO does not see this.
I assume there is an internal OFA grid document which provides each advance as segregate rows.

Victor and I are reviewing today's draft.

Regards.

From: LeRoy Ahyee [mailto:LeRoy.Ahyee@ofina.on.ca]
Sent: August 21, 2017 4:21 PM
To: Hamlet Alexanian
Cc: Risa Thau
Subject: RE: IESO Grid Notes

Here are the Grid Notes, Hamlet. Please let me know whether you have any questions.

Regards,

LeRoy Ahyee

Settlements Officer | Ontario Financing Authority

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Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 30-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	1.0100%	20-Jun-2017	33	$1,024.22	$2,657.22	$0.00	$2,657.22	21-Aug-2017	95
20-Jun-2017	$3,203,101.35	1.0100%	21-Jul-2017	31	$2,747.65	$4,869.59	$0.00	$4,869.59	21-Aug-2017	62
21-Jul-2017	$2,231,912.78	1.0100%	21-Aug-2017	31	$1,914.55	$1,895.60	$0.00	$1,895.60	21-Aug-2017	31
21-Aug-2017	$546,680.51	1.0100%	21-Sep-2017	31	$468.95	$0.00	$0.00	$0.00		

Total. $7,175,694.39

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 30-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 30-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
19-Aug-2016	$94,951,024.00	0.8300%	19-Sep-2016	31	$65,321.10	$95,078,202.37	$94,951,024.00	$127,178.37	20-Jan-2017	154
21-Nov-2016	$64,793,065.20	0.8300%	24-Apr-2017	154	$44,201.30	$64,966,983.32	$64,793,065.20	$173,918.12	24-Apr-2017	154
21-Dec-2016	$70,276,310.40	0.8300%	24-Apr-2017	124	$49,905.81	$70,458,601.70	$70,276,310.40	$182,291.30	23-May-2017	153
20-Jun-2017	✓ $109,986,030.30	1.0100%	21-Jul-2017	31	$94,346.92	$167,208.90	✓ $0.00	$167,208.90	21-Aug-2017	62
21-Jul-2017	✓ $136,581,867.69	1.0100%	21-Aug-2017	31	$117,161.05	$116,001.04	✓ $0.00	$116,001.04	21-Aug-2017	31
21-Aug-2017	✓ $148,134,438.04	1.0100%	21-Sep-2017	31	$127,070.94	$0.00	✓ $0.00	$0.00		

Total $394,702,336.03

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Regulated Price Plan Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 975,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
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19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016	33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016	30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017	30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017	32
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21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017	34
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21-Jul-2017	$246,567,897.99	1.0000%	21-Aug-2017	31	$209,413.83	$209,413.83	$0.00	$209,413.83	21-Aug-2017	31
21-Aug-2017	$394,702,336.03	1.0100%	21-Sep-2017	31	$338,578.91	$0.00	$0.00	$0.00		

Ontario Financing Authority

Line of Credit Grid Note

Entity : Independent Electricity System Operator

Project: Rural or Remote Electricity Rate Protection Variance

Schedule of loan transactions to: 21-Aug-2017

Loan Limit: 475,000,000.00

Loan Advanced to: 21-Aug-2017

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017	33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	$2,950.27	$2,950.27	$0.00	$2,950.27	21-Jul-2017	31
21-Jul-2017	$6,629,013.88	1.0000%	21-Aug-2017	31	$5,630.12	$5,630.12	$0.00	$5,630.12	21-Aug-2017	31
21-Aug-2017	$7,175,694.39	1.0100%	21-Sep-2017	31	$6,155.37	$0.00	$0.00	$0.00		

From: Gavin He
To: Lisa Stein
Subject: RE: IESO OEFC credit facilities
Date: Monday, November 27, 2017 9:25:02 AM
Attachments: IESO-OEFC Note_v7_Markup.docx

Hi Lisa,

FYI – here's an updated version of the note that has been reviewed by Ron and Mike.

Please let me know if you have any other questions.

Thanks,
Gavin He

From: John Kim
Sent: Friday, November 24, 2017 6:29 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>
Subject: Re: IESO OEFC credit facilities

Hi Lisa,

As you will recall, we circulated earlier version of the note which you had reviewed and Sarah Neville as well. My understanding was the Legal took the position that this was a business decision. I can share the latest version of the note Monday. I am off today so am not sure where things are but understood that an effort would be made to bring everyone onside.

Thanks,

John

Sent from my iPad

On Nov 24, 2017, at 5:17 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi John,
>
> Do you have a status update regarding the IESO's request to amend the IESO-OEFC credit facilities? I understand that a briefing note is being circulated – please let me know if you require legal review.
>
> Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

The Independent Electricity System Operator ("IESO") has requested that OEFC amend the existing credit facility agreements between OEFC and IESO (for $160M and $120M) to address the additional obligations IESO is taking on under Ontario's Fair Hydro Plan. IESO has indicated that OEFC credit facilities will not be used for Ontario Fair Hydro Plan (FHP) purposes.

IESO'S REQUEST

- Under the FHP, the IESO and Ontario Power Generation (OPG) are interacting to refinance a portion of the Global Adjustment over a longer period of time.

- IESO and OPG are in a discussion to grant a security/priority interest on IESO's assets to OPG Trust for the period of the first 4 years of the GA deferral.

- The IESO is planning to seek its Board's approval on Nov 22, 2017 to enter into a security agreement with OPG Trust. The security agreement is currently in draft form. Without amending the existing OEFC $160M and $120M credit facility agreements (the "OEFC Agreements"), IESO could potentially be considered to be in default of the terms of the various agreements. IESO staff wrote:

  "…it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default."

- The IESO provided a draft Security Agreement, dated November 7th, 2017, between them and the OPG Trust to OFA. According to the draft Security Agreement, in the unlikely event that the IESO runs into ~~a~~ financial difficulty, the IESO would give OPG Trust a priority in the IESO's assets, including all accounts of the IESO and all cash and proceeds from LDCs, that would put OPG Trust ahead of unsecured creditors, including the OFA and the OEFC.
  - The security agreement is not limited to the Clean Energy Adjustment funds collected by the IESO only.

- In order to address this issue, the IESO has requested to amend the definition of the "permitted liens" in both existing OEFC Agreements to include any liens related to the FHP. Specifically, adding a clause in the existing OEFC Agreements that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OPG under the FHP. This would allow IESO to grant security to the OPG Trust during the first 4 years of implementing the GA deferral and also avoid breaching the terms of the existing agreements with OEFC.

- To support IESO's role in the implementation and participation under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act"), in July 2017 the IESO had requested that the OFA make similar changes to the credit facility agreements with OFA in October.
  - On November 6, 2017, the OFA amended the $475M facility to amend the definition of "permitted liens" and also included same for the new $2B credit facility agreement between OFA and the IESO , as requested by the IESO.

CONSIDERATIONS

- -With the proposed new security agreement between OPG Trust and the IESO, OPG Trust would have a priority claim against ~~potentially the Clean Energy Adjustment funds collected by or flowing through~~ the IESO's assets, the OEFC could find itself unable to collect payments due from the IESO. The likelihood of this scenario could be assessed as low.

- The extent of this risk is uncertain at this time, given that the regulations that determine the Fair Allocation Amount payable in each period, and how that relates to the obligations to the Financing Entity are still under development.

- IESO is an agency of the government consolidated line-by-line in the Province's accounts.

- The OFA agreed to IESO's requested changes to the OFA credit facilities.

- OFA'S Capital Markets Operations staff have commented that the legislation governing OEFC, the *Electricity Act, 1998*, may provide differing context from the OFA's objects and mandate under the *Capital Investment Plan Act, 1993*~~.~~ and any changes to the OEFC agreements should take this into account.

- According to the Minister's Directives associated with the OEFC Agreements, ~~it states that~~ the loan and the credit facilities~~y~~ are "subject to such other terms as OEFC deams appropriate~~the terms set out in the OEFC Agreements.~~ Therefore, this is not seen as a change to the directives, and new directives from the Minister of Finance are not deemed necessary. This was consistent with the approach when amending the existing OFA-IESO credit facility agreements on November 6, 2017.

RECOMMENDATIONS

- In order to support IESO's request in relation to its obligation with respect to FHP, OFA staff are of the view that the exisiting OEFC Agreements can be amended to include liens related to FHP under the definition of the "permitted liens".

BACKGROUND

- In order to support IESO's role with the implementation of the OFHP Act, OFA staff made similar changes to the definition of 'permitted liens" in existing OFA-IESO credit facility agreements on November 6, 2017.

- Currently, under the existing credit facility agreements between OEFC and the IESO, the definition of "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

Electricity Finance Branch / Corporate and Electricity Finance Division &
Capital Markets Operations, Capital Markets Division
Ontario Financing Authority
November 21~~0~~, 2017

From:	Victor Buza
To:	Lisa Stein
Cc:	Sarah Harris; Kelly Listoe; Salman Qadir; Anthony Martinello
Subject:	RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 4:52:06 PM
Attachments:	IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOC IESO Resp Apr26.doc

Hi Lisa. Per our discussion earlier this afternoon, I have accepted all the changes in the document you sent, deleted your comments, and added a definition of "Ontario's Fair Hydro Plan".
Let me know if you have any questions or concerns.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: April 26, 2017 1:57 PM
To: Victor Buza
Cc: Sarah Harris; Kelly Listoe; Salman Qadir
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance: High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

****

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AMENDING AGREEMENT NO. 6

This Amending Agreement is effective as of the 30 day of April, 2017.

BETWEEN: **INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")**

as Borrower

AND: **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")**

as Lender

WHEREAS IESO and OEFC entered into a Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No.1 dated July 21, 2010, Amending Agreement No. 2 dated October 14, 2011, Amending Agreement No. 3 dated April 30, 2013, Amending Agreement No. 4 dated April 30, 2014 and Amending Agreement No. 5 dated December 19, 2014 (collectively the "Agreement") pursuant to which OEFC agreed to provide a revolving credit facility to IESO in the principal amount of up to CDN $95 million.

AND WHEREAS IESO and OEFC wish to amend the Agreement to increase the revolving line of credit from a principal amount of CDN $95 million to a principal amount of up to CDN $160 million to provide funding for IESO Corporate Requirements (as defined herein);

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for an extension of the mandatory repayment date established in the Agreement to June 30, 2020;

AND WHEREAS IESO and OEFC wish to amend the Agreement to provide for the ability for Advances to be made on any business day up to a maximum of 12 times per year;

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereinafter set out, the parties agree that the Agreement is amended as follows:

1. Section 1.1 Definitions of the Agreement is amended as follows:

   i) The definition of "Amalgamation" is deleted.

   ii) The definition of "Commitment" is deleted and replaced with:

   "Commitment" means, at any time, an amount equal to the principal amount of One Hundred and Sixty Million Dollars.

   iii) A definition of "IESO Corporate Requirements" is added as follows:

   "IESO Corporate Requirements" means any borrowing purposes authorized by O. Reg. 280/14 made under the *Electricity Act*, *1998* (as such regulation may be amended

or replaced from time to time)-, other than for funding liquidity requirements relating to the settlement of the Ontario wholesale electricity markets.

iv) A definition of "Ontario's Fair Hydro Plan" is added as follows:

"Ontario's Fair Hydro Plan" means the plan announced March 2, 2017 by the Government of Ontario to affect the Ontario Energy Board's setting of electricity prices for certain Ontario consumers of electricity, which plan is referred to in the Ontario Energy Board's report dated April 20, 2017 and titled "Regulated Price Plan Price Report – May 1, 2017 to April 30, 2018", and including all relevant developments in or changes to such plan from time to time.

v) The definition of "New IESO" is deleted.

vi) The definition of "Note" is deleted and replaced with:

"Note" means the $160 Million Note issued pursuant to Section 2 of Amending Agreement No. 6 dated as of the 30th day of April, 2017.

vii) The definition of "OPA" is deleted.

viii) The definition of "Pre-Amalgamation IESO" is deleted.

2. IESO shall execute and deliver to OEFC a grid promissory note in the form attached as Schedule I hereto which shall be in an aggregate principal amount of up to One Hundred and Sixty Million Dollars (the "$160 Million Note") dated April 30, 2017 and on which shall be recorded the Advances Outstanding under the grid promissory note delivered pursuant to Amending Agreement No. 4. Upon receipt by OEFC of the $160 Million Note dated April 30, 2017, the $95 Million Note dated April 30, 2014 shall be of no further force and effect and shall be returned to the IESO marked "cancelled".

3. Section 2.3 of the Agreement is deleted and replaced by the following:

Section 2.3 Use of Proceeds

IESO shall use the proceeds of Advances for the funding of IESO Corporate Requirements and costs related to the market renewals program.

4. Section 2.4 of the Agreement is deleted and replaced by the following:

Section 2.4 Mandatory Repayment.

Subject to Sections 3.5 and 5.2 of this Agreement, IESO shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, in full on or before June 30, 2020.

5. Section 3.1 of the Agreement is deleted and replaced by the following:

Section 3.1 Advances.

OEFC agrees, on the terms and conditions of this Agreement, to make Advances to IESO under the Credit Facility on any Business Day in a month up to twelve (12) times per annum from and including May 1, 2017 to and including May 29, 2020

6. Paragraph 3.6(c) of the Agreement is deleted and replaced by the following:
   (c) that there shall, in the reasonable opinion of OEFC, have been no material adverse change in the financial condition of IESO, provided however that any adverse change in IESO's financial condition related to or resulting from the discharge by IESO of its responsibilities under Ontario's Fair Hydro Plan shall be deemed not to be a material adverse change for the purposes of this Section; and

7. The Form of Borrowing Notice is deleted and replaced with the Form of Borrowing Notice attached hereto as Schedule 1.

IN ALL OTHER RESPECTS, the Agreement is confirmed by IESO and OEFC.

IN WITNESS WHEREOF the parties hereto have executed this Amending Agreement as of the date first written above.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

by: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

ONTARIO ELECTRICITY FINANCIAL CORPORATION

by:_____
Name: Michael D. Manning
Title: Chief Operating Officer

SCHEDULE 1

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

GRID PROMISSORY NOTE

Principal Amount: Up to $160,000,000 Date: 30 April, 2017

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("**IESO**"), existing under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO ELECTRICITY FINANCIAL CORPORATION ("OEFC")** at its offices at Toronto, Ontario or at such other place as OEFC may designate, the principal amount of each and all Advances made by OEFC to IESO, all as recorded by OEFC on the grid **("Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement dated April 23, 2010, as amended by Amending Agreement No. 1 dated July 21, 2010, by Amending Agreement No. 2 dated October 14, 2011, by Amending Agreement No. 3 dated April 30, 2013, by Amending Agreement No. 4 dated April 30, 2014, by Amending Agreement No. 5 dated December 19, 2014, and by Amending Agreement No. 6 dated April 30, 2017 (collectively the "Agreement").

All outstanding principal amounts under this Note together with all interest accrued thereon shall become due and payable and must be paid on or before June 30, 2020.

OEFC shall and is unconditionally and absolutely authorized and directed by IESO to record on the Grid (a) the date and amount of each Advance; (b) the applicable rate of interest for each Advance or part of an Advance; (c) the date and amount of each payment of interest and each

payment of principal in respect of each Advance; and (d) the outstanding principal balance. Such notations, in the absence of manifest mathematical error, shall be p*rima facie* evidence of such advances and repayments; provided that the failure of OEFC to record the same shall not affect the obligations of IESO to pay such amounts to OEFC.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of the Agreement, which provides for, among other things, the acceleration of the principal amount upon the occurrence of certain events.

This Note is not transferable or negotiable without the prior written consent of IESO.

IESO waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

This Note shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

IN WITNESS WHEREOF IESO has executed this Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

(Revolving Credit Facility April 30, 2017)

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE	INTEREST AMOUNT	AMOUNT OF PAYMENT		UNPAID BALANCE			NOTATION MADE BY
					PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	REFINANCED (AMOUNT & DATE)	

From:	Lisa Stein
To:	Sarah Harris; Kelly Listoe; Salman Qadir
Subject:	RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Date:	Wednesday, April 26, 2017 4:56:52 PM

This reflects our discussions from this afternoon. Please note that the date of the Note is April 30, 2017 (such date still TBC in light of discussions this afternoon).

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, April 26, 2017 4:52 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc

Hi Lisa. Per our discussion earlier this afternoon, I have accepted all the changes in the document you sent, deleted your comments, and added a definition of "Ontario's Fair Hydro Plan".
Let me know if you have any questions or concerns.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: April 26, 2017 1:57 PM
To: Victor Buza
Cc: Sarah Harris; Kelly Listoe; Salman Qadir
Subject: IESO Revolving Credit Facility Amending Agreement No 6 OFA Legal Comments DOCgroupChanges (003).doc
Importance: High

Hi Victor,

Further to our call yesterday, I've met with my clients and revised the draft amending agreement accordingly. Please review the attached draft, which includes comments for your attention, and send us a further draft/execution version for review at your earliest convenience. If you would like to discuss, please do not hesitate to contact me.

Sincerely,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto, ON M7A 1Y7
Tel: 416-325-2320
Fax: 416-204-7781

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From: Lisa Stein
To: Gavin He
Cc: Ryan Blackbyrne; Sarah Harris; William Tan; John Kim
Subject: RE: IESO / OEFC - $120MM and $160MM Credit Facility Discussion
Date: Friday, November 10, 2017 2:36:35 PM

Hi Gavin,

Is there a dial in number?

Thank you,

Lisa

-----Original Appointment-----
From: Gavin He
Sent: Friday, November 10, 2017 9:43 AM
To: Gavin He; Lisa Stein; Ryan Blackbyrne
Cc: Sarah Harris; Jean-Francois Beaupre; William Tan; John Kim
Subject: IESO / OEFC - $120MM and $160MM Credit Facility Discussion
When: Friday, November 10, 2017 2:30 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: Boardroom 1443

Hi all,

I am just setting up a quick meeting to discuss the questions on the IESO credit facility agreements:

<< Message: RE: IESO / OEFC - $120MM and $160MM >>

Thanks,

Gavin He

From:	Ryan Blackbyrne
To:	Gavin He; Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 8:56:22 PM

Hi Gavin,

Happy to jump on a call tomorrow. My calendar is up to date.

Thanks,
Ryan

From: Gavin He
Sent: Thursday, November 09, 2017 8:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Ryan,

If it's easier, I can set up a quick meeting to chat about this too if you prefer.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 09, 2017 5:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Ryan,

Thank you very much for the responses and that's helpful!

I will go back to IESO to verify what's their rationale to for the request. But before I go back, I just want to make sure that I understand the concerns/suggestions from our side first.

The change we made for the OFA credit facility agreement was to allow IESO to take liens related to FHP in the event if IESO can't pay OFA back the loan, correct? What was the reason for this change? And wouldn't the same reason apply for the loans that IESO has with OEFC? And if IESO can't pay back the loans to OEFC, should they still be able to take any liens related to FHP, or not? But if they were able to do so under the OFA credit facility agreement, are there any reasons that they cannot

do the same under the OEFC credit facility agreement?

I understand that the $120M and $160M credit facilities are not for FHP purposes, but I think this is a separate question from whether they can take liens related to FHP if IESO can't pay OEFC back the loans? Similarly, I believe the existing $475M IESO credit facility with OFA was not for the FHP purpose, but the agreement was amended by the amendment #10 to include the FHP lien clause in the actual agreement, right? So I am just a bit confused about this process and trying to find out whether we should apply a consistent approach for OEFC's credit facilities before I push this back to IESO.

Also, a separate question on the $160M credit facility agreement. Since it was amended to be used for FHP purpose previously, do we need to amend that now since a separate facility agreement was created specifically for FHP purposes? Or that amendment automatically expires when the $2B FHP credit facility was created, and for sure we don't need to update anything in the $160M credit facility agreement to that effect?

Thanks,
Gavin He

From: Lisa Stein
Sent: Thursday, November 09, 2017 12:49 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

I also recommend asking the IESO for the exact details of the proposed amendments.

From: Ryan Blackbyrne
Sent: Thursday, November 09, 2017 12:19 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO / OEFC - $120MM and $160MM

Hi Gavin,

Thank you for your note. After reviewing your note and the attached agreements we had a few comments:

- We understand that the $160M credit facility agreement will not be used for FHP purposes, although an amendment was made earlier in 2017 to allow advances for the purposes of FHP.

- It is our assumption that the $160M credit facility agreement was amended in April, 2017, pursuant to Reg. 280/14 as a potential temporary option for FHP funding requirements until such time as a separate facility agreement was created specifically for FHP purposes (i.e. the $2B OFA-IESO credit facility)
- There is an existing $120M loan agreement, maturing June 30, 2020, which is not a credit facility, but a fixed term loan. No amendments were made here in relation to FHP, as it is non-revolving and used for capital purposes.
- Since the $160M credit facility agreement will not be used for FHP purposes, it is not clear to us why the change to definition of Permitted Liens is required, and how not making this change would prevent IESO from performing its obligations under the OFHP Act. Please clarify.
- Kindly confirm with Anthony why IESO believes these amendments are necessary in respect of the $160M credit facility and $120M loan agreement.

We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste

the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this

section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Gavin He
Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa, Sarah, and William,

Following my email on Tuesday, EFB has drafted the attached note on the IESO's request on the OEFC credit facility, including the background information, our recommendation, and the rationale. Could you please review the accuracy of the note and would you be able to provide me with your feedback before noon today?

Sorry for the short turnaround time, but we all would like to move on this as soon as possible.

Thanks,
Gavin He

From: Lisa Stein
Sent: Wednesday, November 08, 2017 9:55 AM

To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Thanks for the update Gavin.

From: Gavin He
Sent: Tuesday, November 07, 2017 4:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Sarah H.,

We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

We will get a policy direction soon and will draft a note for you to review once it's ready.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, November 06, 2017 9:43 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

No, I don't think the OFA Lending Policy would apply to these OEFC loans. The OFA Lending Policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

From: John Kim
Sent: Sunday, November 05, 2017 1:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas

<Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: IESO / OEFC - $120MM and $160MM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi John,
>
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>
> Thanks,
> Sarah
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> > **Date:** November 5, 2017 at 11:02:50 AM EST
> > **To:** William Tan <William.Tan@ofina.on.ca>
> > **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
> > **Subject: RE: IESO / OEFC - $120MM and $160MM**
> >
> > Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.
> >
> > Regards.
> >
> > ---
> >
> > **From:** Anthony Martinello
> > **Sent:** November 01, 2017 12:56 PM
> > **To:** 'William Tan'

Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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From: Gavin He
To: Lisa Stein; Sarah Harris
Cc: William Tan; Opal Kandelas; Sarah Neville; John Kim
Subject: RE: IESO / OEFC - $120MM and $160MM
Date: Tuesday, November 07, 2017 4:01:42 PM

Hi Lisa/Sarah H.,

We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

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Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: IESO / OEFC - $120MM and $160MM

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From: Anthony Martinello <Anthony.Martinello@ieso.ca>
Date: November 5, 2017 at 11:02:50 AM EST
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
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From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

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Just ensuring that these 2 OEFC facilities are not missed.

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From:	Lisa Stein
To:	John Kim; Sarah Harris
Cc:	William Tan; Opal Kandelas; Gavin He; Sarah Neville
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Monday, November 06, 2017 9:43:15 AM

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Sent: Sunday, November 05, 2017 1:55 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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> > **To:** William Tan <William.Tan@ofina.on.ca>
> > **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris

<Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

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Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

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From: Anthony Martinello
To: William Tan
Cc: Lisa Stein; Sarah Harris; Victor Buza
Subject: RE: IESO / OEFC - $120MM and $160MM
Date: Sunday, November 05, 2017 11:03:05 AM

Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.

Regards.

From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

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From:	Gavin He
To:	Lisa Stein; Ryan Blackbyrne
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 8:49:45 PM

Hi Lisa/Ryan,

If it's easier, I can set up a quick meeting to chat about this too if you prefer.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 09, 2017 5:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Ryan,

Thank you very much for the responses and that's helpful!

I will go back to IESO to verify what's their rationale to for the request. But before I go back, I just want to make sure that I understand the concerns/suggestions from our side first.

The change we made for the OFA credit facility agreement was to allow IESO to take liens related to FHP in the event if IESO can't pay OFA back the loan, correct? What was the reason for this change? And wouldn't the same reason apply for the loans that IESO has with OEFC? And if IESO can't pay back the loans to OEFC, should they still be able to take any liens related to FHP, or not? But if they were able to do so under the OFA credit facility agreement, are there any reasons that they cannot do the same under the OEFC credit facility agreement?

I understand that the $120M and $160M credit facilities are not for FHP purposes, but I think this is a separate question from whether they can take liens related to FHP if IESO can't pay OEFC back the loans? Similarly, I believe the existing $475M IESO credit facility with OFA was not for the FHP purpose, but the agreement was amended by the amendment #10 to include the FHP lien clause in the actual agreement, right? So I am just a bit confused about this process and trying to find out whether we should apply a consistent approach for OEFC's credit facilities before I push this back to IESO.

Also, a separate question on the $160M credit facility agreement. Since it was amended to be used for FHP purpose previously, do we need to amend that now since a separate facility agreement was created specifically for FHP purposes? Or that amendment automatically expires when the $2B FHP

credit facility was created, and for sure we don't need to update anything in the $160M credit facility agreement to that effect?

Thanks,
Gavin He

From: Lisa Stein
Sent: Thursday, November 09, 2017 12:49 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

I also recommend asking the IESO for the exact details of the proposed amendments.

From: Ryan Blackbyrne
Sent: Thursday, November 09, 2017 12:19 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO / OEFC - $120MM and $160MM

Hi Gavin,

Thank you for your note. After reviewing your note and the attached agreements we had a few comments:

- We understand that the $160M credit facility agreement will not be used for FHP purposes, although an amendment was made earlier in 2017 to allow advances for the purposes of FHP.
- It is our assumption that the $160M credit facility agreement was amended in April, 2017, pursuant to Reg. 280/14 as a potential temporary option for FHP funding requirements until such time as a separate facility agreement was created specifically for FHP purposes (i.e. the $2B OFA-IESO credit facility)
- There is an existing $120M loan agreement, maturing June 30, 2020, which is not a credit facility, but a fixed term loan. No amendments were made here in relation to FHP, as it is non-revolving and used for capital purposes.
- Since the $160M credit facility agreement will not be used for FHP purposes, it is not clear to us why the change to definition of Permitted Liens is required, and how not making this change would prevent IESO from performing its obligations under the OFHP Act. Please clarify.
- Kindly confirm with Anthony why IESO believes these amendments are necessary in respect

of the $160M credit facility and $120M loan agreement.

We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
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Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.

If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.

Regards.

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From: Gavin He
Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa, Sarah, and William,

Following my email on Tuesday, EFB has drafted the attached note on the IESO's request on the OEFC credit facility, including the background information, our recommendation, and the rationale. Could you please review the accuracy of the note and would you be able to provide me with your feedback before noon today?

Sorry for the short turnaround time, but we all would like to move on this as soon as possible.

Thanks,
Gavin He

From: Lisa Stein
Sent: Wednesday, November 08, 2017 9:55 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Thanks for the update Gavin.

From: Gavin He
Sent: Tuesday, November 07, 2017 4:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Sarah H.,

We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

We will get a policy direction soon and will draft a note for you to review once it's ready.

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Subject: RE: IESO / OEFC - $120MM and $160MM

No, I don't think the OFA Lending Policy would apply to these OEFC loans. The OFA Lending Policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

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Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: IESO / OEFC - $120MM and $160MM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

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Sarah
Sent from my iPhone

Begin forwarded message:

> **From:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Date:** November 5, 2017 at 11:02:50 AM EST
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
> **Subject: RE: IESO / OEFC - $120MM and $160MM**
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> Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.
>
> Regards.

From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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From:	Gavin He
To:	Lisa Stein; Ryan Blackbyrne
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 5:49:52 PM

Hi Lisa/Ryan,

Thank you very much for the responses and that's helpful!

I will go back to IESO to verify what's their rationale to for the request. But before I go back, I just want to make sure that I understand the concerns/suggestions from our side first.

The change we made for the OFA credit facility agreement was to allow IESO to take liens related to FHP in the event if IESO can't pay OFA back the loan, correct? What was the reason for this change? And wouldn't the same reason apply for the loans that IESO has with OEFC? And if IESO can't pay back the loans to OEFC, should they still be able to take any liens related to FHP, or not? But if they were able to do so under the OFA credit facility agreement, are there any reasons that they cannot do the same under the OEFC credit facility agreement?

I understand that the $120M and $160M credit facilities are not for FHP purposes, but I think this is a separate question from whether they can take liens related to FHP if IESO can't pay OEFC back the loans? Similarly, I believe the existing $475M IESO credit facility with OFA was not for the FHP purpose, but the agreement was amended by the amendment #10 to include the FHP lien clause in the actual agreement, right? So I am just a bit confused about this process and trying to find out whether we should apply a consistent approach for OEFC's credit facilities before I push this back to IESO.

Also, a separate question on the $160M credit facility agreement. Since it was amended to be used for FHP purpose previously, do we need to amend that now since a separate facility agreement was created specifically for FHP purposes? Or that amendment automatically expires when the $2B FHP credit facility was created, and for sure we don't need to update anything in the $160M credit facility agreement to that effect?

Thanks,
Gavin He

From: Lisa Stein
Sent: Thursday, November 09, 2017 12:49 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

I also recommend asking the IESO for the exact details of the proposed amendments.

From: Ryan Blackbyrne
Sent: Thursday, November 09, 2017 12:19 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO / OEFC - $120MM and $160MM

Hi Gavin,

Thank you for your note. After reviewing your note and the attached agreements we had a few comments:

- We understand that the $160M credit facility agreement will not be used for FHP purposes, although an amendment was made earlier in 2017 to allow advances for the purposes of FHP.
- It is our assumption that the $160M credit facility agreement was amended in April, 2017, pursuant to Reg. 280/14 as a potential temporary option for FHP funding requirements until such time as a separate facility agreement was created specifically for FHP purposes (i.e. the $2B OFA-IESO credit facility)
- There is an existing $120M loan agreement, maturing June 30, 2020, which is not a credit facility, but a fixed term loan. No amendments were made here in relation to FHP, as it is non-revolving and used for capital purposes.
- Since the $160M credit facility agreement will not be used for FHP purposes, it is not clear to us why the change to definition of Permitted Liens is required, and how not making this change would prevent IESO from performing its obligations under the OFHP Act. Please clarify.
- Kindly confirm with Anthony why IESO believes these amendments are necessary in respect of the $160M credit facility and $120M loan agreement.

We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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To:	Ryan Blackbyrne; Gavin He
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 12:49:01 PM

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
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Subject: RE: IESO / OEFC - $120MM and $160MM

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Subject: Re: IESO / OEFC - $120MM and $160MM

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Sent from my iPhone

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From:	Gavin He
To:	Sarah Harris
Cc:	Lisa Stein; William Tan; Ryan Blackbyrne; Jean-Francois Beaupre
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 9:18:15 AM

Hi Sarah/William,

Sure, will do.

Regards,
Gavin He

From: Sarah Harris
Sent: Thursday, November 09, 2017 8:54 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO / OEFC - $120MM and $160MM

HI Gavin,

Could you please include Ryan Blackbyrne and Jean-Francois Beaupre on these e-mails. Ryan will be working on OEFC amendments and Jean-Francois will also be reviewing during my pending absence next week.

Thanks,
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Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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To:	William Tan; Gavin He; Ryan Blackbyrne
Cc:	Lisa Stein; Jean-Francois Beaupre
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 8:54:07 AM

Sorry, All. Seems I duplicated.

SArah

From: William Tan
Sent: Thursday, November 09, 2017 8:47 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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To:	Gavin He; Ryan Blackbyrne
Cc:	Lisa Stein; Sarah Harris; Jean-Francois Beaupre
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Thursday, November 09, 2017 8:47:18 AM
Attachments:	IESO-OEFC - FHP LoC_Nov 2017_v2.docx

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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make amendment to the definition of the permitted liens.

CONTEXT

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"), OFA recently amended the credit facility agreement between OFA and the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

The OFA credit facility agreement was amended due to additional roles IESO is taking on under Ontario's Fair Hydro Plan. To fufil its obligation, the IESO will need a general grant of security on any lien arising from the IESO's role and obligations under the OFHP. Therefore, the OFA credit facility agreement was amended to allow for such a general grant of security.

For the same reason, the IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make the similar amendment. Specifically, adding a clause in the OEFC credit facility agreement that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OEFC.

RECOMMENDATION

- To maintain a consistent approach with IESO's credit facilities, CEFD staff and IESO are of the view that the exisiting OEFC credit facility should amend the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, such change to the permitted liens is still required in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.
- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP. Below are the related changes made to the OFA credit facility:

  Excerpt from the excuted OFA IESO Amending Agreement #10:

  > *The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):*
  >
  > > *"(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."*

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 08, 2017

From: Gavin He
To: Lisa Stein; Sarah Harris; William Tan
Subject: RE: IESO / OEFC - $120MM and $160MM
Date: Thursday, November 09, 2017 8:29:24 AM
Attachments: IESO-OEFC - FHP LoC_Nov 2017_v2.docx

Hi Lisa, Sarah, and William,

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We touched based with IESO and they told us that the OEFC agreements do not contemplate a general grant of security by IESO over its assets as is currently under discussion with the OPG Trust relative to the implementation of the OFHP. The changes required to allow for such a grant would be to amend the permitted liens and negative covenant language in the OEFC agreements so as to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.

We will get a policy direction soon and will draft a note for you to review once it's ready.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, November 06, 2017 9:43 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

No, I don't think the OFA Lending Policy would apply to these OEFC loans. The OFA Lending Policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

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Subject: Re: IESO / OEFC - $120MM and $160MM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi John,
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> Thanks,
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Begin forwarded message:

From: Anthony Martinello <Anthony.Martinello@ieso.ca>
Date: November 5, 2017 at 11:02:50 AM EST
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.

Regards.

From: Anthony Martinello
Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

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OEFC -- IESO CREDIT FACILITY AGREEMENT & THE PERMITTED LIENS

ISSUE

The IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make amendment to the definition of the permitted liens.

CONTEXT

To support IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"), OFA recently amended the credit facility agreement between OFA and the IESO. One of the amendments to the agreement is to amend the definition of the permitted liens to include any lien arising from the IESO's role and obligations under the OFHP.

The OFA credit facility agreement was amended due to additional roles IESO is taking on under Ontario's Fair Hydro Plan. To fufil its obligation, the IESO will need a general grant of security on any lien arising from the IESO's role and obligations under the OFHP. Therefore, the OFA credit facility agreement was amended to allow for such a general grant of security.

For the same reason, the IESO has requested OEFC to reopen the existing credit facility agreement between OEFC and IESO to make the similar amendment. Specifically, adding a clause in the OEFC credit facility agreement that any lien related to OFHP will not be viewed as negative pledge by OEFC, so those liens can be used to secure the performance of IESO's obligations to OEFC.

RECOMMENDATION

- To maintain a consistent approach with IESO's credit facilities, CEFD staff and IESO are of the view that the exisiting OEFC credit facility should amend the permitted liens and negative covenant language to make it the same as, or very similar to, the language in the two OFA Agreements that were signed recently.
- Although the OEFC credit facility is not used for OFHP's purpose, such change to the permitted liens is still required in order for IESO to meet its role and obligation under the OFHP Act.

BACKGROUND

- Currently, under the existing credit facility agreement between OEFC and the IESO, the definition of the "permitted liens" does not include any lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.
- On November 6, 2017, OFA and IESO signed an updated OFA IESO credit facility agreement with respect to changes related to OFHP. Below are the related changes made to the OFA credit facility:

  Excerpt from the excuted OFA IESO Amending Agreement #10:

  > *The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):*
  >
  > > *"(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."*

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
November 08, 2017

From:	Lisa Stein
To:	Gavin He; Sarah Harris
Cc:	William Tan; Opal Kandelas; Sarah Neville; John Kim
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Wednesday, November 08, 2017 9:54:40 AM

Thanks for the update Gavin.

From: Gavin He
Sent: Tuesday, November 07, 2017 4:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

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Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
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From:	Lisa Stein
To:	Ryan Blackbyrne; Gavin He
Cc:	Sarah Harris; Jean-Francois Beaupre; William Tan
Subject:	RE: IESO / OEFC - $120MM and $160MM
Date:	Friday, November 10, 2017 9:28:41 AM

I'm available for a call this afternoon. After 2:30 would be best. Thanks

---

From: Ryan Blackbyrne
Sent: Thursday, November 09, 2017 8:56 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Gavin,

Happy to jump on a call tomorrow. My calendar is up to date.

Thanks,
Ryan

From: Gavin He
Sent: Thursday, November 09, 2017 8:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Ryan,

If it's easier, I can set up a quick meeting to chat about this too if you prefer.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 09, 2017 5:50 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa/Ryan,

Thank you very much for the responses and that's helpful!

I will go back to IESO to verify what's their rationale to for the request. But before I go back, I just want to make sure that I understand the concerns/suggestions from our side first.

The change we made for the OFA credit facility agreement was to allow IESO to take liens related to FHP in the event if IESO can't pay OFA back the loan, correct? What was the reason for this change? And wouldn't the same reason apply for the loans that IESO has with OEFC? And if IESO can't pay back the loans to OEFC, should they still be able to take any liens related to FHP, or not? But if they were able to do so under the OFA credit facility agreement, are there any reasons that they cannot do the same under the OEFC credit facility agreement?

I understand that the $120M and $160M credit facilities are not for FHP purposes, but I think this is a separate question from whether they can take liens related to FHP if IESO can't pay OEFC back the loans? Similarly, I believe the existing $475M IESO credit facility with OFA was not for the FHP purpose, but the agreement was amended by the amendment #10 to include the FHP lien clause in the actual agreement, right? So I am just a bit confused about this process and trying to find out whether we should apply a consistent approach for OEFC's credit facilities before I push this back to IESO.

Also, a separate question on the $160M credit facility agreement. Since it was amended to be used for FHP purpose previously, do we need to amend that now since a separate facility agreement was created specifically for FHP purposes? Or that amendment automatically expires when the $2B FHP credit facility was created, and for sure we don't need to update anything in the $160M credit facility agreement to that effect?

Thanks,
Gavin He

From: Lisa Stein
Sent: Thursday, November 09, 2017 12:49 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

I also recommend asking the IESO for the exact details of the proposed amendments.

From: Ryan Blackbyrne
Sent: Thursday, November 09, 2017 12:19 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: IESO / OEFC - $120MM and $160MM

Hi Gavin,

Thank you for your note. After reviewing your note and the attached agreements we had a few comments:

- We understand that the $160M credit facility agreement will not be used for FHP purposes, although an amendment was made earlier in 2017 to allow advances for the purposes of FHP.
- It is our assumption that the $160M credit facility agreement was amended in April, 2017, pursuant to Reg. 280/14 as a potential temporary option for FHP funding requirements until such time as a separate facility agreement was created specifically for FHP purposes (i.e. the $2B OFA-IESO credit facility)
- There is an existing $120M loan agreement, maturing June 30, 2020, which is not a credit facility, but a fixed term loan. No amendments were made here in relation to FHP, as it is non-revolving and used for capital purposes.
- Since the $160M credit facility agreement will not be used for FHP purposes, it is not clear to us why the change to definition of Permitted Liens is required, and how not making this change would prevent IESO from performing its obligations under the OFHP Act. Please clarify.
- Kindly confirm with Anthony why IESO believes these amendments are necessary in respect of the $160M credit facility and $120M loan agreement.

We look forward to hearing back from you. Happy to discuss further as always.

Thank You,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, November 07, 2017 4:07 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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From: Gavin He
Sent: Thursday, November 09, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO / OEFC - $120MM and $160MM

Hi Lisa, Sarah, and William,

Following my email on Tuesday, EFB has drafted the attached note on the IESO's request on the OEFC credit facility, including the background information, our recommendation, and the rationale. Could you please review the accuracy of the note and would you be able to provide me with your

feedback before noon today?

Sorry for the short turnaround time, but we all would like to move on this as soon as possible.

Thanks,
Gavin He

From: Lisa Stein
Sent: Wednesday, November 08, 2017 9:55 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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> > **Date:** November 5, 2017 at 11:02:50 AM EST
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Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
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From:	Victor Buza
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein; Anthony Martinello
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Tuesday, July 25, 2017 3:25:58 PM
Attachments:	Certified Res"n Approval of Fair Hydro Credit Facility July 24 draft.doc Incumbency Certificate - re OFA FHP Facility and Amndt#10 - July 24 2017.doc

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.

Regards,
Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello

Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno

Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

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This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.
"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

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Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
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Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.

Have a great weekend.

Will

From: William Tan
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To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

" Resolution of the Board of Directors

Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS …

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility … on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true redacted extract of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
July _____, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made as of the **[DATE]** day of **[MONTH]**, 2017 in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall _____

DATED this ____ day of _____, 2017.

_____
John Rattray
General Counsel, Secretary and Chief Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this ____ day of _____, 2017.

_____
Kimberly Marshall
Vice President, Corporate Services; Chief Financial Officer and Treasurer

DRAFT

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Tuesday, July 25, 2017 10:27:21 AM

Hi Will,

Can you please set up the call and include Sarah N. and myself? We are both available between 3 and 4.

Thanks,

Lisa

From: William Tan
Sent: Tuesday, July 25, 2017 10:07 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Lisa

Below are the items I asked for below. Victor says that the Delegation of Authority may not apply here. I anticipate that IESO is offering to provide a IESO Statement of Policy as an alternative to Delegation of Authority? If so, according to the sample (provided in the past) which provides signing authorities and amounts would be a good alternative to the Delegation of Authority. Can you arrange to speak with Victor and please include me in the invite.

Resolution of the Board of Directors,
Certificate of Incumbency and
Delegation of Authority (IESO Statement of Policy).

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
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To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

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sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

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Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

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If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Kelly Listoe; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Monday, July 24, 2017 11:05:56 AM
Attachments:	OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan

Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

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This has been reverted back to the OFA's original drafting because OFA will not cancel the existing

Grid Note until we receive the new one Grid Note is received.

"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO~~amalgamated corporation~~;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the ~~OFA and~~ OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount available under the Credit Agreement ~~of the operating facility~~ from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) amend the use of proceeds under the Credit Agreement~~to update the uses which IESO may make of the funds drawn under the facility~~;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further A~~a~~dvances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the

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Commented [A1]: NOTE: IESO proposed changes to Paragraphs 2 & 3 have NOT been accepted. Track changes show minor changes to OFA original clauses to true up the references to the appropriate defined terms in the Credit Agreement.

principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Aadvances Ooutstanding to date of $[**Insert amount outstanding as of date of execution**]114,383,131.40.

3. Upon receipt of the new grid promissory note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only liquidity purposes."

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE ~~3~~1 TO AMENDING AGREEMENT NO. 10

~~SCHEDULE 3~~EXECUTED GRIDNOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____
Kimberly Marshall, Vice President,
Corporate Services; Chief Financial Officer; Treasurer

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From: William Tan
To: Sarah Harris; Sarah Neville
Cc: Salman Qadir; Bruno Amara; Kelly Listoe; Lisa Stein; Gavin He
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Friday, July 21, 2017 3:01:42 PM

Hello,

I spoke with Victor Buza (IESO Legal).

Paragraph 4 – Use of Proceeds: He will defer for Anthony for comment.

Paragraph 2 & 3 – He had no concerns.

RE: FHP Credit Facility, he wanted to clarify with his management if they are fine with a certain provision. If they agree to it, we may see their draft on Monday or Tuesday.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
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From: Victor Buza
Sent: July 07, 2017 3:01 PM
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Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sent: June 27, 2017 10:52 PM
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Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

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Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Salman Qadir; Bruno Amara; Kelly Listoe; Sarah Neville; Lisa Stein; Gavin He
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Friday, July 21, 2017 2:25:23 PM

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:

Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

> *"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity purposes.**"*

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2

This language should revert back to the original language:

> *"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "*

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3

This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.

> *"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid*

promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

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Sent: Tuesday, June 27, 2017 10:35 AM
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Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Jean-Francois Beaupre; Kelly Listoe
Subject:	RE: IESO : OFA new FH credit facility - Amending Agreement 10
Date:	Wednesday, July 26, 2017 9:34:00 AM

I don't have any comments

From: William Tan
Sent: Wednesday, July 26, 2017 8:47 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Lisa,

Please find the Resolution of the Board of Directors for FHP and Certificate of Incumbency for FHP & Amending Agreement 10. I have reviewed the documents and have no comments. Please let me know if you have any concerns.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, July 25, 2017 3:26 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will et al – per our discussion, please find attached:

1. The redacted certified resolution of the board of directors of IESO authorizing both the Fair Hydro Plan Credit Agreement and the amendment to the existing OFA line, and authorizing our CFO to finalize, execute and deliver both agreements; and
2. A draft incumbency certificate.

Let me know if you have any questions or comments.

Regards,
Victor

From: Victor Buza
Sent: July 25, 2017 9:41 AM

To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

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Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

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liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

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"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

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Sent: Friday, July 07, 2017 3:08 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara

Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

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To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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Thanks,

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To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

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To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Lisa Stein
To: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 24, 2017 2:06:28 PM

Thanks William. I understand that we are currently awaiting comments from IESO on the amending agreement? Please let me know once legal review is required.

Thanks,

Lisa

From: William Tan
Sent: Monday, July 24, 2017 2:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Lisa,

Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.
I've created a table for planning purposes and for managing our own schedules. According to Anthony's email below, he hopes to have the $2 billion credit facility set up by mid-August.
I'm trying to be aggressive with my time line to account for any slippage.

Time Table

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO
July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between	Documentation/OFA Legal

	Documentation and OFA Legal.	
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I

(hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.

d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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From:	Sarah Harris
To:	"Anthony Martinello"
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 1:17:27 PM

Anthony,

Thanks very much for your reply and for the additional information on forecasted draws – very helpful. There should be no issue with signing the FHP facility by mid-August (hopefully we can wrap this up before August starts!).

Best,

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

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From:	Anthony Martinello
To:	Sarah Harris
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 1:12:52 PM

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.
b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

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Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

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To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

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Regards

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From: Sarah Neville
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: RE: IESO : OFA new FH credit facility
Date: Thursday, July 13, 2017 11:25:36 AM

Thanks for keeping me in the loop, Sarah – not sure I've wrapped my head around this issue yet, but will try to do so today.

Sarah

From: Sarah Harris
Sent: Thursday, July 13, 2017 11:10 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah/Lisa,

Just keeping you in the loop on the communication on the amending agreement for IESO. I'll let you know answer when Victor replies.

Thanks,
Sarah

From: Bruno Amara
Sent: Thursday, July 13, 2017 11:07 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	"Anthony Martinello"
Cc:	Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject:	RE: IESO : OFA new FH credit facility
Date:	Thursday, July 13, 2017 9:41:15 AM

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

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From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM

To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
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From:	William Tan
To:	"Anthony Martinello"
Cc:	Sarah Harris; Victor Buza; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, July 12, 2017 1:51:13 PM

Hello Anthony,

Thank you for your email. I am in the process of getting input from different departments on this matter. I will reply back as soon as I have answer for you.

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, July 10, 2017 4:08 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

We are working on the $2B draft now.

Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>

Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Anthony Martinello
To:	William Tan
Cc:	Sarah Harris; Victor Buza; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 10, 2017 4:08:06 PM

We are working on the $2B draft now.

Is there any flexibility on changing the 7 day (not business days) minimum draw to 5 days? I'm trying to mitigate having OPG monies in hand while not having yet to repay the OFA. Please advise.

Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 23, 2017 5:45 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility

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From:	William Tan
To:	Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Wednesday, June 28, 2017 10:15:37 AM

Hi Lisa,

She's in the office today but she's not in her office now. I'll call you together once she's back.

From: Lisa Stein
Sent: Wednesday, June 28, 2017 10:12 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi William,

Is Sarah available as well? Perhaps we should all discuss.

Lisa

From: William Tan
Sent: Wednesday, June 28, 2017 9:59 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Lisa,

Please call me to discuss this when you have a moment.

Thanks,

Will

From: Salman Qadir
Sent: Wednesday, June 28, 2017 8:59 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi William,

If the credit agreement cannot be put in place this week, the alternative would be to actually amend the $975 agreement to update "purpose" to include FHP. The facility can likely still be used as written for FHP but amending it would provide clarity.

When the new one is ready, we would move over any drawdowns related to FHP to the new facility.

Reducing the $975 to $475 before the new one is in effect would not work for IESO.

Regards,
Salman

On Jun 27, 2017, at 10:52 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Anthony,
>
> Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.
>
> Thanks,
>
> Will
>
> ---
>
> **From:** William Tan
> **Sent:** Tuesday, June 27, 2017 10:35 AM
> **To:** 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
> **Cc:** 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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<IESO_OFA Amendment No 10.doc>

From:	Lisa Stein
To:	William Tan
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<IESO_OFA Amendment No 10.doc>

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Cc:	Sarah Harris; "Victor.Buza@ieso.ca"; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, June 23, 2017 5:45:08 PM
Attachments:	FHP credit facility agreement draft June 23 2017.docx

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"**Borrowing Notice**" has the meaning specified in Section 3.2.

"**Business Day**" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Dollars**" or "**$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"**Continued Advance"** means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount of such Advance and any amount of interest on such Advance past the Repayment Date.

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"**Default**" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"**Election Notice**" has the meaning specified in Section 3.3(2).

"**Event of Default**" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same

property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance,; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [SH1]: This provision is contained in the existing IESO-OEFC Credit Facility from 2010. Could IESO please confirm that that a request of this nature from the Province is still applicable?

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Bruno Amara; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 4:53:02 PM

Hello William and Gavin:

For the purposes of coming to a decision on the question of the use of proceeds, I thought it might be helpful to consolidate all the different moving parts into one document.

Current Use of Proceeds under the Credit Facility (as amended on December 19, 2014 by Amendment No. 8):

Section 1 was amended to add the following definition of "Regulation" means O. Reg. 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

2.3 Use of Proceeds:

Up to the effective time of Amalgamation, the OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, subject to the following conditions:

(1) effective as of December 31,2013, the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, the OPA is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by the Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation; and (b) the following conditions will apply:

(1) the proceeds of the Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by New IESO under section 25.33 of the Electricity Act, New IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance.

Proposed Change to Section 2.3 Requested by the IESO

The IESO has requested that the above be deleted in its entirety and replaced with the following:

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

Comments:

(1) The "Pre-Amalgamation" structuring language is removed. Are there any implications arising from this related to existing loans?

(2) The "Post-Amalgamation" structuring which tied borrowing to the purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO following the Amalgamation has also been removed along with the additional conditions set out sub-paragraphs (1) and (2). Does this cause any concern in respect of how the Credit Facility operates?;

(3) The reference to the Regulation can be abbreviated to simply "Regulation" given the addition of the defined term in Amending Agreement No. 8

(4) I note that the condition in sub(2) is phrased not as an obligation but an "expectation". It appears to have an intended purpose of restraining the renewal of certain advances beyond 12months. I do not know the rationale for its inclusion (this language was added in Amending Agreement 8). The Regulation and the Act, at least as they apply now, do not appear to require this (see below). I also note it is not drafted as an enforceable restriction or constraint in other relevant sections of the Agreement (as amended) e.g. in Section 3.3 which details the requirements for "Elections Regarding Advances" or in the Borrowing Notice, and there is no required related disclosure in respect of the Borrowing Notice for Renewed Advances. Is this possibly a requirement in the SIPP or the Minister's Directive, if there is one? I note that our file contains drafts of a reduction specific Minister's Directive which includes the following rationale for the reduction in the Credit Facility: "The IESO has requested that that the OFA decrease the maximum aggregate amount of the Loans from $975 million to $475 million to eliminate duplicate credit needs for the purpose of the implementation of the *Ontario Fair Hydro Plan Act, 2017"* but this language is flagged as requiring confirmation and I have no final version of the directive in the file, was this abandoned?

I note that the letter from the IESO to Gadi, requesting the $2 billion line, notes that the $975 credit facility is currently being used but the separate line is being requested for the following reason: "The IESO proposes that a separate and additional credit facility be provided by either the OFA or [the OEFC] to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and interest tracking" and goes on to state "The above $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP". If there is concern about adopting the IESO's broad use of proceeds language that it will

continue to borrow for FHP once the FHP agreement is in place, is one option to replicated the Pre- and Post- Amalgamation structure in Amending Agreement 8, allowing the line to be used until the FHP Credit Facility is not place but not after? This would not impact on timing of the agreements and would provide for the transition.

Regulation 280

The below is the authorized borrowing set out in the Regulation.

Authorized borrowing
3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.
(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:
1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.
2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.
3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.
4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.
5*. To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017, including borrowing,*
i. to fund IESO deferrals under section 23 of that Act, and
ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.
[Emphasis Added]

S.25.33 of the Electricity Act

Electricity pricing to reflect costs
IESO to make adjustments

25.33
(1) The IESO shall, through its billing and settlement systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of market participants in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under

the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (1); 2017, c. 16, Sched. 1, s. 43 (2).

Distributors and retailers to make adjustments

(2) Distributors and retailers shall, through their billing systems, make adjustments in accordance with the regulations that ensure that, over time, payments by classes of consumers in Ontario that are prescribed by regulation reflect,
(a) amounts paid to generators, the Financial Corporation and distributors, whether the amounts are determined under the market rules or under section 78.1, 78.2 or 78.5 of the *Ontario Energy Board Act, 1998*;
(b) amounts paid to entities with whom the IESO has a procurement contract, as determined under the procurement contract; and
(c) such amounts as may be prescribed that are paid or incurred by the IESO in relation to the *Ontario Fair Hydro Plan Act, 2017*. 2014, c. 7, Sched. 7, s. 8 (2); 2017, c. 16, Sched. 1, s. 43 (3).

Exception

(3) Any adjustment that would otherwise be made under subsection (1) or (2) and that relates to electricity that is consumed by any of the following types of consumers shall instead be made in accordance with the regulations to one or more variance accounts established and maintained by the IESO:
1. Repealed: 2009, c. 12, Sched. B, s. 6 (2).
2. A consumer whose rates are determined by the Board under section 79.16 of the *Ontario Energy Board Act, 1998*.
3. A consumer who is a member of a class of consumers prescribed by the regulations. 2004, c. 23, Sched. A, s. 37; 2009, c. 12, Sched. B, s. 6 (2); 2014, c. 7, Sched. 7, s. 8 (3).

Adjustments, payments, set-offs and credits

(4) The IESO, distributors and retailers shall,
(a) make such adjustments in their accounts as may be required or permitted by the regulations to record adjustments described in subsections (1), (2) and (3); and
(b) make and receive such payments, set-offs and credits as may be required or permitted by the regulations with respect to consumers described in subsection (3) or as may be required by a regulation made under this Act or the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (4); 2017, c. 16, Sched. 1, s. 43 (4)

Variance accounts

(5) The IESO shall establish and maintain such variance accounts as may be necessary to record all amounts payable or receivable by it under this section or under the *Ontario Fair Hydro Plan Act, 2017*. 2004, c. 23, Sched. A, s. 37; 2014, c. 7, Sched. 7, s. 8 (5); 2017, c. 16, Sched. 1, s. 43 (5).

Compliance

(6) The Board shall ensure that adjustments, payments, set-offs and credits required or permitted under this section are made in accordance with the regulations. 2004, c. 23, Sched. A, s. 37.

Adjustment not assignable

(7) An adjustment made under subsection (1) or (2) is not assignable by a consumer in a contract with a retailer, whether the contract is entered into before or after this section comes into force. 2004, c. 23, Sched. A, s. 37.

No cause of action

(8) No cause of action against a consumer, a retailer or the Crown arises as the result of a contract or a term of a contract ceasing to have effect because of the operation of subsection (7). 2004, c. 23, Sched. A, s. 37.

Happy to discuss the above should you have questions.

Thanks very much,

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

-

4. Delete Section 2.3 “Use of Proceeds” of the Credit Agreement and replace it as follows:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time.”

Documentation draft 2 version:

4. Delete Section 2.3 “Use of Proceeds” of the Credit Agreement and replace it as follows:

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance” .

Amending Agreement 8:

From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply

“The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:

(1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and

(2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. “

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks

Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Neville
To:	William Tan; Gavin He
Cc:	Bruno Amara; Sarah Harris; Lisa Stein; Salman Qadir
Subject:	RE: IESO : OFA new FH credit facility
Date:	Monday, July 17, 2017 1:27:47 PM

Please note, I am still reviewing.

Sarah

From: William Tan
Sent: Monday, July 17, 2017 12:31 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Gavin,

The first draft of Amending Agreement 10, that went to IESO had no changes to "Use of Proceeds". IESO proposed changes to "Use of Proceeds". Upon further review I discovered that "Use of Proceeds" in Amending Agreement 8, had very specific wording. I have drafted some proposed language but also wanted to bring to your attention the differences in language IESO has proposed compared to Amending Agreement 8. If you accept Documentation draft language for "Use of Proceeds" please reply to my email sent on Sunday 7/16/2017 at 2:38pm.

I have included the language from Amending Agreement 8, for your convenience.

IESO Proposed:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time."

Documentation draft 2 version:

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance" .

Amending Agreement 8:

> From and after the effective time of the Amalgamation: (a) New IESO shall use the proceeds of Advances only as authorized by Regulation, and, to the extent not inconsistent with the Regulation, for purposes and requirements in relation to the operations and activities of the OPA prior to the Amalgamation, to the extent those operations and activities are carried on by New IESO follow the Amalgamation; and (b) the following conditions will apply
>
> "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time and subject to the following conditions:
>
> (1) the proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and
>
> (2) with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by IESO under section 25.33 of the Electricity Act, IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. "

Thanks,

Will

From: William Tan
Sent: Sunday, July 16, 2017 2:38 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris

<Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com]

[na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM

To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

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Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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william.tan@ofina.on.ca

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From:	William Tan
To:	Bruno Amara; Sarah Neville
Cc:	Lisa Stein; Gavin He; John Kim; Sarah Harris
Subject:	RE: IESO : OFA new FH credit facility
Date:	Sunday, July 16, 2017 2:38:26 PM
Attachments:	OFA IESO Amending Agreement 10.docx compare.docx

Hello,

Bruno and Sarah N, I have incorporated your recommended changes. Please review and comment.

Thanks,

Will

From: Bruno Amara
Sent: Friday, July 14, 2017 11:00 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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Hi Bruno:

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Let me know if you have any other questions.
Regards,

Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
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Subject: RE: IESO : OFA new FH credit facility

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1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

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Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

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Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM

To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and

comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

~~**AND WHEREAS** effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;~~

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the OPA and~~"), the OFA ~~and~~ OPA or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

~~**AND WHEREAS** pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS** effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the Electricity Act, 1998 (the "Amalgamation") with the name Independent Electricity System Operator;~~

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

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Commented [A1]: Agreed

Commented [A2]: Agreed

Commented [A3]: From a chronological perspective I suggest we move, down to paragraph 5.

Commented [A4]: Agree. To maintain consistency with this amending agreement, previous amending agreements and this credit facility the OPA/IESO is stated before OFA.

Commented [A5]: Agreed

Commented [A6]: Agree

Commented [A7]: Agree

~~**AND WHEREAS** the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;~~

~~**AND WHEREAS** pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.~~

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

Commented [A8]: Confirmed with Electricity Finance.

Commented [A9]: From a chronological perspective I suggest we move, down to this location.

Commented [A10]: Confirmed with Electricity Finance.

Commented [A11]: Should be Schedule 3 Grid Note (not Schedule 1. Schedule 1 is Form of Borrowing Notice). Otherwise, changes are fine.

Commented [A12]: Anthony,

Technically, the obligation is to deliver in the amendment is to deliver a signed note and deliver before on closing prior to any advance and the grid note Schedule 3 forms part of the amending agreement. I suggest we revert to the previous version for this paragraph.

Commented [A13]: Fine

Commented [A14]: Confirmed with Electricity Finance.

(1)Ameding agreement #8 of this agreement also includes a restriction under Use of Proceeds uuder section 2.3(2;) "with the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the OPA under section 25.33 of the Electricity Act, 1998, the OPA or successor "new" IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance. This restriction is also included in draft for the new $2 billion credit facility. I suggest we include the retriction, ensuring the reference to the Electricity Act is still appropriate.

Commented [A15]: This provision was adopted in Amending Agreement 8.

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

Commented [A16]: Anthony,

Should be Schedule 3, not Schedule 1.

Schedule 1 is Form of Borrowing Notice.
Schedule 2 is Election Notice.
Schedule 3 is Grid Note

Commented [A17]: GRIDNOTE is note a defined term in the credit facility agreement.
Schedule 3, is known as GRID NOTE.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Commented [A18]: Anthony,

It is preferred to leave two spots for signatories in the original Schedule 3, for the possibility signatories may not have full signing authority. Delegation of Authority once received will determine if Kimberly Marshall has sufficient authority to sign alone.

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~~Kimberly Marshall, Vice President, Corporate Services; Chief Financial Officer; Treasurer~~

Commented [A19]: Anthony, once we approve the draft we can add Kimberly's name.

[NTD – TO BE UPDATED AT EXECUTION]

Commented [A20]: Agree.

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	$114,383,131.40

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of ~~(·),~~July, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**~~"), pursuant to which the OFA agreed to provide a revolving operating facility to the OPA in the principal amount of up to CDN $500,000,000, and the OPA issued a grid note dated January 11, 2005 to the OFA for a principal amount of up to CDN $500,000,000;~~");

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9~~), the~~"), OPA ~~and~~or IESO (as applicable) the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS ~~pursuant to Amending Agreement No. 3, the OPA and the OFA agreed to increase the operating facility to a principal amount of up to $975,000,000 and the OPA issued a grid note dated October 11, 2005 to the OFA for a principal amount of up to CDN $975,000,000, which was later replaced by a grid note for up to the same principal amount dated November 30, 2016 ;~~

~~**AND WHEREAS**~~ effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* ~~(the "Amalgamation")~~ with the name "Independent Electricity System Operator", and the obligations of the OPA became obligations of the amalgamated corporation;

~~**AND WHEREAS** under the Amalgamation the obligations of the OPA became obligations of the amalgamated corporation;~~

~~**AND WHEREAS** as of the date hereof the total principal amount of advances outstanding under the operating facility is $114,383,131.40~~

AND WHEREAS the IESO and the OFA have now agreed to: (i) decrease the total principal amount of the operating facility from $975,000,000 to a total principal amount of up to $475,000,000; and (ii) to update the uses which IESO may make of the funds drawn under the facility;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO,

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THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby ~~acknowledge~~acknowledged, and subject to the terms and conditions hereafter set out, the parties agree that:

1. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting ~~" $~~"$475,000,000" therefor.

2. On the date of this Amending Agreement and prior to any further advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of advances outstanding to date of $114,383,131.40.

3. ~~Upon receipt of~~ In exchange for the ~~new~~ grid promissory note delivered hereunder, the OFA ~~will cancel~~has cancelled and ~~return~~returned the grid promissory note dated November 30, 2016 to the IESO.

4. Delete Section 2.3 "Use of Proceeds" of the Credit Agreement and replace it as follows:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time.

   The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance"

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the parties.

[*signature page follows*]

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IN WITNESS WHEREOF the parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

SCHEDULE 3

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

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Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	475,000,000.00
Project:	Regulated Price Plan Variance
Schedule of loan trans	21-Jul-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.

Project:	Rural or Remote Electricity Rate Protection Variance
Schedule of loan trans	20-Jun-2017
Loan Advanced to:	20-Jun-2017

New Loan and/or Rollover						Actual Repayment	
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Princip
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.

Total Principal Advanced	$114,383,131.40

[NTD – TO BE UPDATED AT EXECUTION]

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	**Regulated Price Plan Variance**
Schedule of loan trans	**21-Jul-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
19-Aug-2016	$94,951,024.00	0.8100%	19-Sep-2016	31	$65,321.10	$49,331,879.98	$49,266,558.88	$65,321.10	19-Sep-2016		31
19-Sep-2016	$45,684,465.12	0.8100%	19-Oct-2016	30	$30,414.59	$30,283,150.31	$30,252,735.72	$30,414.59	19-Oct-2016		30
19-Oct-2016	$15,431,729.40	0.7900%	21-Nov-2016	33	$11,022.06	$11,022.06	$0.00	$11,022.06	21-Nov-2016		33
21-Nov-2016	$80,224,794.60	0.7800%	21-Dec-2016	30	$51,431.79	$51,431.79	$0.00	$51,431.79	21-Dec-2016		30
21-Dec-2016	$150,501,105.00	0.8300%	20-Jan-2017	30	$102,670.62	$34,297,653.69	$34,194,983.07	$102,670.62	20-Jan-2017		30
20-Jan-2017	$116,306,121.93	0.8100%	21-Feb-2017	32	$82,593.28	$6,005,205.45	$5,922,612.17	$82,593.28	21-Feb-2017		32
21-Feb-2017	$110,383,509.76	0.8200%	21-Mar-2017	28	$69,435.76	$29,244,186.90	$29,174,751.14	$69,435.76	21-Mar-2017		28
21-Mar-2017	$81,208,758.62	0.8100%	24-Apr-2017	34	$61,273.68	$66,756,693.44	$66,695,419.76	$61,273.68	24-Apr-2017		34
24-Apr-2017	$14,513,338.86	0.8000%	23-May-2017	29	$9,224.92	$14,522,563.78	$14,513,338.86	$9,224.92	23-May-2017		29
20-Jun-2017	$109,986,030.30	0.7900%	21-Jul-2017	31	73,796.11	$0.00	$0.00	$0.00	21-Jul-2017		31

Project:	**Rural or Remote Electricity Rate Protection Variance**
Schedule of loan trans	**20-Jun-2017**
Loan Advanced to:	**20-Jun-2017**

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days	
18-May-2017	$1,193,999.75	0.7800%	20-Jun-2017	33	$842.02	$842.02	$0.00	$842.02	20-Jun-2017		33
20-Jun-2017	$4,397,101.10	0.7900%	21-Jul-2017	31	2,950.27	$0.00	$0.00	$0.00	21-Jul-2017		31

Total Principal Advanced	**$114,383,131.40**

From:	Sarah Neville
To:	William Tan
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 1:31:41 PM

Thanks – just let him know that OFA Legal counsel is away and new counsel is trying to get up to speed.

Sarah

From: William Tan
Sent: Friday, July 14, 2017 1:30 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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Will

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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1. Capital Markets approved IESO's request to have a minimum 5 day and a maximum 95 day draw ($2 billion Credit Facility)
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Sent: Thursday, July 13, 2017 1:17 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

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To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
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Best regards,

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To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

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From:	William Tan
To:	Sarah Neville
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 1:29:42 PM

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Regards.

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To: William Tan
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 1:06:33 PM

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From: Bruno Amara
To: Sarah Neville; William Tan; Sarah Harris
Cc: Lisa Stein; Gavin He; John Kim
Subject: RE: IESO : OFA new FH credit facility
Date: Friday, July 14, 2017 10:59:46 AM
Attachments: 140280_e.doc

Hi

I think I'm in agreement Sarah's comments on the $475M. My understand is that the $475M will be used for certain day-to-day non-OFHP IESO purposes, but is also currently used for OFHP purposes, per the amended language in Reg. 280/14 attached. But the use of proceeds for the $475M facility is not and can't be restricted to use for OFHP.

Will, I have no objection to adding in the condition on timing of repayment that you drafted to be consistent with previous agreement

> *"The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such advance."*

I don't know much about the history around paragraph 2, but I take Sarah's point and that makes sense if a change of the current obligation was not contemplated or agreed to.

Will, in regard to your question about the IESO striking out the paragraphs that refer to the original $500M agreement and the subsequent increase to $975M, I have no objection to having these struck. It seems to me that it's a bit more streamlined to get straight to "facility is currently $975M and we're reducing it to $475M". However, I don't know what the convention is regrading maintaining the complete history.

I am away for the next two weeks, but Gavin will be here and could attend a meeting as necessary.

Thanks
Bruno

From: Sarah Neville
Sent: Friday, July 14, 2017 9:38 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

With respect to other substantive issues on the IESO's mark-up of amendment 10, the only significant issue I have noted is that paragraph 2 should be reverted back to the original language. The changes made by IESO contemplate that the actual signed grid note will be an attachment to the amending agreement. This is not correct. The obligation in the amendment is to deliver a signed note. The signed grid note needs to be delivered on closing prior to any advance, the form of the grid note to be delivered is what is set out in the schedule to the amending agreement. If the actual grid note is attached it becomes part of the agreement and whenever the grid needs to be updated that will be a further amendment to the agreement requiring signature of both parties, the IESO proposed structure could also potentially lead to enforcement issues.

Please let me know if you are amenable to a meeting next Tuesday to work through next steps and our response to the IESO's position below.

Sarah

From: Sarah Harris
Sent: Friday, July 14, 2017 7:36 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hi Sarah,

Please see below IESO's answer on the Use of Proceeds.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, July 13, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>

Subject: Re: IESO : OFA new FH credit facility

Hi Bruno:

1. Re your question about Reg. 423/04 being replaced with Reg. 280/14, this already occurred at the beginning of January 2015 when IESO and OPA amalgamated and the new IESO entity became subject to Reg 280/14 as of that date, together with certain additional restrictions - see section 2 of Amending Agreement #8 for further details.
2. I agree that, as drafted, the OFHP facility clearly restricts funds drawn to use exclusively for implementation of OFHP. As for the $475M facility, as proposed in our draft of Amendment #10, the Use of Proceeds clause would not prevent IESO from drawing on it with respect to OFHP because Reg. 280/14 was recently amended to allow IESO "To provide such funds as may be required for the purposes of the Ontario Fair Hydro Plan Act, 2017..." (see s.3(2)5 of the Reg. 280 for the full text). So if the intent is to only allow OFHP borrowing to occur under the new $2Bn line and not at all under the $475M line, then the Use of Proceeds clause in the $475M line would have to be changed to expressly exclude borrowing for OFHP purposes. As Anthony has mentioned, he is currently using the $975/$475M line to fund OFHP variances, so this would presumably end only once the $2Bn line is available. In this regard, it would seem to make sense to sign and bring into effect the new OFHP line before or at the same time that any restrictions on the existing line take effect.

Let me know if you have any other questions.
Regards,
Victor

From: Bruno Amara <Bruno.Amara@ofina.on.ca>
Sent: Thursday, July 13, 2017 11:06 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Gavin He; Anthony Martinello
Subject: RE: IESO : OFA new FH credit facility

Hi Victor

Could you confirm (or not) my understanding of couple of things with respect to the attached markup you provided.

1. In terms of Item 4., Use of proceeds. My reading is that this is amendment updates to Reg. 280/14 IESO: *Eligible Investments and Borrowing* replacing Reg. 423/04 *OPA, Eligible investments and Borrowing,* which is revoked. But that otherwise the regulations are largely similar.

2. The use of proceeds, for the reduced $475M facility is different from the new $2B facility. I.e., The latter is specifically covering timing difference with regard to IESO's role in administering the OFHP. The previous $975M facility was reduced as some of the use of proceeds for that facility are now covered by the new $2B facility. There is a differentiation in the use of proceeds for the amended $475M facility – as described in Reg 280/14 – from the use of proceeds for the $2B facility.

Thanks for your help
Bruno

By the way, Salman Qadir whom you may have dealt with previously just became a father and is on paternity leave.

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:01 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM

To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Electricity Act, 1998
Loi de 1998 sur l'électricité

ONTARIO REGULATION 280/14
IESO: ELIGIBLE INVESTMENTS AND BORROWING

Consolidation Period: From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 193/17.

This Regulation is made in English only.

Eligible investments

1. (1) The IESO may make investments when it considers the investment advisable for the sound and efficient management of its financial affairs.

(2) Despite subsection (1), where this Regulation provides for any restrictions upon the making of investments by the IESO, the IESO shall comply with those restrictions.

(3) The IESO may make investments in only the following types of securities:

1. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. Canada or a province or territory of Canada,
   ii. an agency of Canada or of a province or territory of Canada, or
   iii. the United States of America.
2. Bonds, debentures, promissory notes and other evidences of indebtedness, issued or guaranteed by,
   i. a municipality in Canada,
   ii. a school board in Canada, or
   iii. the Municipal Finance Authority of British Columbia.
3. Bonds, debentures, promissory notes, deposit receipts, deposit notes, certificates of deposit or investment, acceptances, commercial paper and similar instruments issued, guaranteed or endorsed by,
   i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),
   ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or
   iii. a credit union under the *Credit Unions and Caisses Populaires Act, 1994*.
4. Promissory notes and commercial paper, other than asset-backed securities, issued by a corporation that is incorporated under the laws of Canada or a province of Canada. O. Reg. 162/15, s. 1 (1).

(4) The IESO shall not invest in a security described in paragraph 2, 3 or 4 of subsection (3) unless, at the time the investment is made by the IESO, the security has a minimum rating of,

(a) "R-1(mid)" or "AA(low)" by Dominion Bond Rating Service Limited;

(b) "Prime-1" or "Aa3" by Moody's Investors Services Inc.; or

(c) "A-1+" or "AA-" by Standard and Poor's.

(5) Investments described in subsection (4) must have terms that provide that principal and interest shall be fully repaid no later than one year after the day the investment is made by the IESO.

(6) Nothing in this section restricts the IESO's authority to enter into contracts referred to in section 25.32 or 25.35 of the Act.

(7) Nothing in this section restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 1 (2).

Ineligible investments

2. (1) The IESO shall not do the following:

1. Invest in an investment that fails to satisfy the requirements of section 1.

2. Invest in a security that is expressed or payable in any currency other than Canadian dollars or U.S. dollars.

3. Enter into financial agreements to manage its financial assets, liability or risks, except for the purpose of managing foreign exchange risk under contractual commitments that relate to its operations. O. Reg. 162/15, s. 2.

(2) Nothing in subsection (1) restricts the IESO's authority to make long-term investments in portfolios of pooled funds. O. Reg. 162/15, s. 2.

Authorized borrowing

3. (1) The IESO may borrow only for the purpose of funding corporate requirements and for liquidity purposes. O. Reg. 162/15, s. 3.

(2) Without limiting the generality of subsection (1), the IESO may borrow for the following purposes:

1. To fund the payment of amounts payable by the IESO under section 25.33 of the Act and any amounts payable under the regulations.

2. To provide such funds as may be necessary for the management of any variance account established and maintained under the Act by the IESO.

3. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of amounts and the payment of costs and expenses incurred by the IESO in exercising its rights and performing its duties under the Act.

4. To provide such funds as may be necessary for the IESO to manage timing differences between the receipt of payments in respect of procurement contracts that the IESO has entered into pursuant to Part II.2 of the Act and the payment of such amounts by the IESO under the procurement contracts referred to in that Part.

5. To provide such funds as may be required for the purposes of the *Ontario Fair Hydro Plan Act, 2017*, including borrowing,

   i. to fund IESO deferrals under section 23 of that Act, and

   ii. to fund the activities in which the IESO is authorized or required to engage under that Act. O. Reg. 162/15, s. 3; O. Reg. 193/17, s. 1.

Statement of investment, borrowing and financial management policies and procedures

4. (1) On or before July 1, 2015, the board of directors of the IESO shall adopt a statement setting out the IESO's investment, borrowing and financial management policies and procedures.

(2) In preparing the statement, the board of directors shall bear in mind the timing considerations of the IESO's investments and borrowings in relation to the IESO's expected cash flow requirements.

(3) The board of directors shall, on or before August 1, 2015, ensure that the statement does not contain any policy or procedure that would conflict with the requirements of sections 1, 2 and 3 and the board may resubmit the statement for that purpose and shall resubmit the statement in accordance with clause (4) (b) as necessary.

(4) The IESO shall submit to the Minister of Finance for approval,

(a) its proposed statement of investment, borrowing and financial management policies and procedures; and

(b) every change it proposes to make to its statement of investment, borrowing and financial management policies and procedures after the statement has been approved.

(5) The Minister of Finance may approve the proposed statement or change to the statement or refer it back to the IESO for further consideration.

(6) If the Minister of Finance does not approve the proposed statement or change to the statement and does not refer it back to the IESO for further consideration within 60 days of receipt, the Minister shall be deemed to approve the IESO's proposed statement or change.

(7) The IESO shall comply with its statement of investment, borrowing and financial management policies and procedures as amended and as approved by the Minister of Finance in carrying out its investment, borrowing and financial management activities.

5. OMITTED (REVOKES OTHER REGULATIONS).

6. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

Back to top

From:	Sarah Neville
To:	Sarah Harris; Bruno Amara
Cc:	William Tan; Lisa Stein; Gavin He
Subject:	RE: IESO : OFA new FH credit facility
Date:	Friday, July 14, 2017 9:38:04 AM

Hi Sarah and Bruno – Sarah, just got your voicemail indicating you are out of office until the 18th.

It seems we have a chicken and egg situation here. My understanding from Lisa had been that it was important for the $475 line to be executed first in the process to ensure that borrowing limits were maintained, but it appears given the borrowing for OFHP that has already been done under that line, that can't be done if the use of proceeds under the $475 line restricts use for OFHP. Ultimately (assuming the Regulatory authorities are as stated below by IESO, which I will need to parse through, and further assuming there is nothing in the approval framework under which the OF is operating that requires the $975/475 line to prohibit OFHP borrowing, which I will also have to parse through) then this is a business decision. Is timing such that we could have a meeting with everyone involved when you are back to work next week, Sarah, to sort through these questions and make sure we are all on the same page, or is there a greater urgency here?

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Sarah

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Subject: FW: IESO : OFA new FH credit facility

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Sent: Thursday, July 13, 2017 5:19 PM
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Subject: Re: IESO : OFA new FH credit facility

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Let me know if you have any other questions.
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Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
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Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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Sent: June 27, 2017 10:52 PM
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To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>

Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Lisa Stein
Subject: RE: IESO : OFA new FH credit facility
Date: Monday, July 24, 2017 2:15:50 PM

Correct, I'll pass that along as soon as I know. I expect little to no change from them.

From: Lisa Stein
Sent: Monday, July 24, 2017 2:06 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Thanks William. I understand that we are currently awaiting comments from IESO on the amending agreement? Please let me know once legal review is required.

Thanks,

Lisa

From: William Tan
Sent: Monday, July 24, 2017 2:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Lisa,

Sarah H is on vacation for two weeks, so I'm copying Kelly and JF on emails.
I've created a table for planning purposes and for managing our own schedules. According to Anthony's email below, he hopes to have the $2 billion credit facility set up by mid-August.
I'm trying to be aggressive with my time line to account for any slippage.

Time Table

Date	Action	Action required by Group
~~July 24~~	~~Amending Agreement 10 (AA10), reply for "Use of Proceeds"~~	~~IESO~~
July 25	Check-in with IESO that the Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) is being completed.	Documentation
July 25	FHP Credit Facility, receive comments from IESO.	IESO

July 26	AA10, Request for updated Grid note amounts and request IESO for original signatures.	Documentation
July 26	FHP Credit Facility, comment and forward to OFA Legal. Documentation.	Documentation
July 27, 28	FHP Credit Facility, back and forth between Documentation and OFA Legal.	Documentation/OFA Legal
July 31	FHP Credit Facility, draft 2 back to IESO.	Documentation/OFA Legal
August 1	AA10, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO
August 4	FHP Credit Facility, executed by IESO and physical sent OFA for counter signature. Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy).	IESO

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, July 13, 2017 1:13 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Sarah,

Four points.

a) Thank you very much for accommodating the 5 day request, …it will be more efficient for cash flows and better alignment.

b) We examined our TD credit facility and it specifically does not permit IESO to use for Fair Hydro programs purposes.
c) The good news is that the Fair Hydro amounts for May and June (a draw to be made in mid-July on the $475 million facility) is a total of $260 million. Therefore, the next draw for Fair Hydro's month of July will be in mid-Aug of which I expect at least another $200-$250 million will be added. I hope the $2B facility will be signed before mid-August, so there should be no concerns. The first FH sale to the Financing Entity is expected to be made in August so I (hope) expect the May, June, July's FH amounts will be sold by mid-end of August and then I can repay the OFA.
d) Victor will address Bruno's comments directly on the amendment #10 shortly.

Regards.

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: July 13, 2017 9:41 AM
To: Anthony Martinello
Cc: Salman Qadir; Bruno Amara; Victor Buza; Lisa Stein; William Tan
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Will is currently away today, and I just wanted to follow up on the e-mail below.

We are fine reducing the minimum draw period from 7 to 5 days for the new $2B FHP facility.

Further, to clarify Will's e-mail below, from our conference call the week before last, you had mentioned that in the event that IESO's funding needs were to exceed the $475M before the current $975M facility is reduced, IESO had another line of credit with TD that it would be able to draw on to fund any potential gap before the $2B facility is up and running. I think some confusion may have been created in referencing IESO's agreement to reduce to the size of the $2B OFHP credit facility if IESO's funding needs exceed $475M before the new FHP facility is executed. This is not something we proposed to you on the call, but was part of OFA internal discussions on contingency options that might be available in the event that there were delays getting both the amending agreement and FHP facility in place. My apologies should there have been any misunderstanding.

We expect to have comments to you on the amending agreement tomorrow.

Best regards,

Sarah

From: William Tan
Sent: Wednesday, July 12, 2017 4:29 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Thank you for your email and sorry for the delay in replying. We look forward to getting these agreements up and running. As discussed, IESO has a supplemental credit facility with TD bank. In the unlikely event, IESO exceeds $475 million under its existing credit facility, it agrees to reduce the $2 billion OFHP Credit Facility by the amount that it exceeds $475 million.

Best regards,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 28, 2017 12:35 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

Will,

As discussed, the IESO will work on completing amendment #10 followed then by the new FH $2B line.
The amendment #10 may take a few weeks to complete (mid-July), and then the new FH $2B line may need a few more additional weeks – likely end of July.

I am using the $975MM line today for FH (RPP) draws, and expect this will continue until the FH$2B line is up and running.

I would prefer to do both docs at the same time (i.e. signing on the same day both docs), but I understand that the OFA has been given direction to lower the $975MM to $475MM first.

Over the next few weeks in July I will be drawing on the $975MM again for the FH (RPP) amounts and I expect (but not 100% sure) that I should be under a total of $475MM.

Regards

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including any attachments, without reading them, and destroy all copies. Thank you.

From: William Tan
To: Caroline Swerdlyk
Cc: Sarah Harris; Lisa Stein
Subject: RE: IESO agreements
Date: Monday, August 28, 2017 9:59:39 AM

Hello Caroline,
Anthony (IESO) will be sending comments on the FHP Credit Facility Agreement and existing $975 million credit facility agreement today. Provided there is nothing unexpected in IESO's comments we hope to execute the agreements by Thursday, given IESO's discussion with Moody's that the credit facility agreement would be executed by the end of August.
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 25, 2017 2:59 PM
To: William Tan
Cc: Sarah Harris ; Caroline Swerdlyk
Subject: RE: IESO agreements
Thank you

From: William Tan
Sent: Friday, August 25, 2017 2:59 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: IESO agreements
Hi Lisa,
John informed us this morning that we are aiming for the minister designate to sign on Tuesday.
Yes, we are awaiting IESO's comments on the agreements.
Thanks,
Will

From: Lisa Stein
Sent: Friday, August 25, 2017 2:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: IESO agreements
Hi Sarah and Will,
Do you have an update on the IESO agreements? Are we still waiting for comments from the IESO? As you know, I will be away on vacation next week. Caroline has been briefed on this file and will be monitoring it in my absence.
Thank you,
Lisa

From:	William Tan
To:	Lisa Stein; Bruno Amara
Cc:	Gavin He
Subject:	RE: IESO and OFA credit facility agreement
Date:	Thursday, August 03, 2017 1:53:27 PM

Hi Lisa,

I know you're giving the credit facility your attention right now. Do you think we can contact MOF Legal to provide guidance on section (k) and the pari passu language today?

From: Lisa Stein
Sent: Thursday, August 03, 2017 12:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Bruno and Will,

Further to our call I plan to re-draft the language in section (k). I'll also follow up with MOF Legal.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 03, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Will

Per our discussion, the conversation helped in understanding the intention of section (k). In general, I understand and don't have issue with the desire to cover clean energy adjustment amounts with respect to OFHP. But there were a few issues raised in the discussion that were beyond my expertise. I would still suggest running this by MOF Legal.

Thanks
Bruno

From: Bruno Amara
Sent: Thursday, August 03, 2017 9:28 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO and OFA credit facility agreement

Hi Will

As discussed yesterday, Salman dropped by the office yesterday after our meeting. He suggested that MoF legal has worked on these agreements previously and may be able to provide some clarification on the issues we discussed yesterday. I also debriefed John K on our discussion. He noted that EFB has previously been heavily involved in this area and was not comfortable on signing off on the 2 issues we discussed yesterday. Namely the section (k) and the pari passu item. Having said that, I think our wish to get more clarification on section (k) is still relevant. I know we don't wish to slow down this process, but it may be worth asking MoF Legal's opinion on these two issues. They have also been involved in OFHP issue, so will have that context as well.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Lisa Stein
To: Bruno Amara; William Tan
Cc: Gavin He
Subject: RE: IESO and OFA credit facility agreement
Date: Thursday, August 03, 2017 12:25:25 PM

Hi Bruno and Will,

Further to our call I plan to re-draft the language in section (k). I'll also follow up with MOF Legal.

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Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: Bruno Amara
To: William Tan
Cc: Lisa Stein; Gavin He
Subject: RE: IESO and OFA credit facility agreement
Date: Thursday, August 03, 2017 12:01:52 PM

Hi Will

Per our discussion, the conversation helped in understanding the intention of section (k). In general, I understand and don't have issue with the desire to cover clean energy adjustment amounts with respect to OFHP. But there were a few issues raised in the discussion that were beyond my expertise. I would still suggest running this by MOF Legal.

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Sent: Thursday, August 03, 2017 9:28 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO and OFA credit facility agreement

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Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From:	Lisa Stein
To:	William Tan; Bruno Amara
Cc:	Gavin He
Subject:	RE: IESO and OFA credit facility agreement
Date:	Thursday, August 03, 2017 2:11:35 PM

I already have an e-mail in to Toby at MOF Legal.

From: William Tan
Sent: Thursday, August 03, 2017 1:53 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Lisa,

I know you're giving the credit facility your attention right now. Do you think we can contact MOF Legal to provide guidance on section (k) and the pari passu language today?

From: Lisa Stein
Sent: Thursday, August 03, 2017 12:25 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

Hi Bruno and Will,

Further to our call I plan to re-draft the language in section (k). I'll also follow up with MOF Legal.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 03, 2017 12:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO and OFA credit facility agreement

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To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO and OFA credit facility agreement

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As discussed yesterday, Salman dropped by the office yesterday after our meeting. He suggested that MoF legal has worked on these agreements previously and may be able to provide some clarification on the issues we discussed yesterday. I also debriefed John K on our discussion. He noted that EFB has previously been heavily involved in this area and was not comfortable on signing off on the 2 issues we discussed yesterday. Namely the section (k) and the pari passu item. Having said that, I think our wish to get more clarification on section (k) is still relevant. I know we don't wish to slow down this process, but it may be worth asking MoF Legal's opinion on these two issues. They have also been involved in OFHP issue, so will have that context as well.

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Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From:	John Kim
To:	Sarah Harris; Sarah Neville; Lisa Stein
Cc:	Anna Strathy
Subject:	RE: IESO and intercept
Date:	Wednesday, September 20, 2017 8:09:09 AM
Attachments:	IESO-OFA - FHP LoC - Intercept_Sep19-2017.docx

Hi,

Here's the note Ron shared with Steen Hume at Energy.

Thanks,

John

From: Sarah Harris
Sent: Tuesday, September 19, 2017 12:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO and intercept

Hi Sarah N. and John,

I'm also available during this timeframe.

Thanks,
Sarah H.

From: Sarah Neville
Sent: Tuesday, September 19, 2017 12:03 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO and intercept

OK – I am free any time before 3pm.

Thanks

Sarah

From: John Kim
Sent: Tuesday, September 19, 2017 12:00 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO and intercept

Thanks, I would like us to decide on a path forward before engaging or informing IESO. Let's aim to meet this afternoon.

From: Sarah Neville
Sent: Tuesday, September 19, 2017 11:50 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO and intercept

Hi John –

I met with Gadi this morning after we spoke. He confirmed that the Directive will not be forthcoming from the Minister. We determined, as you had flagged for us, that the only approach is to reinsert the intercept provision back into the agreement because this complies with the OFA Lending Policy. The other documentation requirements of the policy will also need to be met with respect to the IESO and Ministry of Energy agreeing to the concept of the intercept.

Given that there is currently no appropriation authority for the IESO, we would propose, in lieu of an MOU to have a simple tripartite letter (OFA, IESO, and Energy) wherein all parties agree that in the event funds may in the future be appropriated, IESO and Energy agree to the application of the intercept of such funds (in accordance with the OFA's Policy).

There will need to be some high level discussions at IESO and Energy to make sure that there is the buy-in for this approach. How would you suggest the OFA move this forward?

Please let me know if you have questions or would like to discuss further.

Thanks very much,

Sarah

Sarah Neville
Director, Legal Branch

Ontario Financing Authority
1 Dundas Street West, Suite 1200
Toronto ON M7A 1Y7
Phone: (416) 325-8754
Email: Sarah.Neville@ofina.on.ca

BACKGROUND NOTE
OFA -- IESO CREDIT FACILITY & THE INTERCEPT PROVISION REQUIRED UNDER THE OFA'S LENDING POLICY

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

On June 29, 2017, the OFA received a directive from the Minister to accommodate the IESO's request and provide a revolving credit facility to the IESO in an amount of up to $2 billion (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister of Finance [or Treasury Board or Cabinet].

In accordance with section 23 of the *Capital Investment Plan Act, 1993* ("CIPA"), the intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body, amounts equal to any amounts the public body fails to pay to the OFA under a loan agreement.

Per the requirements of the OFA's Lending Policy, the OFA has reached out to the Ministry of Energy and IESO to fulfill the requirement to include an intercept provision in credit facility agreements with the IESO.

- The OFA Lending Policy, as approved by the OFA Board, provides the following requirement for unsecured loans to public bodies under CIPA:

  > Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will [e]nsure that it has an appropriate intercept in place for the loan.

- The OFA Lending Policy also includes the following intercept provision requirement:

  > The public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA.

- The new FHP credit facility, with the required intercept clause, will enable the IESO to fulfil its commitments under the OFHP Act as the IESO will have to finance for a short or medium term period the funding shortfalls in the implementation of the OFHP Act, as well as the continued implementation of the market support function for the IESO through the $475 million facility (to be amended from the current $975 million facility) which will also require the intercept clause to be added.

- Including an intercept provision in the credit facility agreements with the IESO is expected to have no practical impact as the IESO receives no appropriations from the Province of Ontario [Energy to confirm], but would bring the lending facilities onside with the requirements of the OFA Lending Policy and be consistent with CIPA.

Electricity Finance Branch / Corporate and Electricity Finance Division / Ontario Financing Authority
September 19, 2017

From:	Lisa Stein
To:	John Kim
Cc:	Sarah Neville; Sarah Harris; William Tan; Gavin He
Subject:	RE: IESO credit facility - Intercept Letter
Date:	Tuesday, October 24, 2017 2:12:52 PM

Hi John,

I've discussed with Sarah N., and we think Ron's edits to the third paragraph of the letter agreement should be deleted and reverted back to the original language. The purpose of that paragraph is for all three parties to acknowledge the current situation, and to change the language for the OFA to "acknowledge" and the other parties to "confirm" the same details will create confusion and possibly further delay this matter.

Also, I recommend deleting the following language added by the IESO – "or through any other agencies, bodies or other means" in the last sentence of the second last paragraph.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: John Kim
Sent: Tuesday, October 24, 2017 10:15 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: IESO credit facility - Intercept Letter

Hi Lisa,

Pls. take a look. Ron had some edits which we reflected to IESO's version.

Thanks,

John

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 9:54 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility - Intercept Letter

Hi John – per our discussion yesterday, attached is a markup of the draft Intercept Letter, which now shows IESO's changes (as well as those previously provided by MOE).

Let me know if you have any questions.

Regards,
Victor
416-969-6079

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

Moody's (Gavin MacFarlane) has verbally raised their concern to me that the new $2B facility should be in place this month – main concern is that the IESO may/is rapidly burning through the $975M capacity at about $200M-$250M/month. Also, the first sale to Financing Entity is not expected until October(ish).
I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September

works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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From:	John Kim
To:	Lisa Stein
Cc:	Sarah Neville; Sarah Harris; William Tan; Gavin He
Subject:	RE: IESO credit facility - Intercept Letter
Date:	Tuesday, October 24, 2017 2:14:52 PM

Hi Lisa,

Could you do the edit to IESO's addition and send back so there is no confusion?

I'm happy to go back to Ron on his points as well.

John

From: Lisa Stein
Sent: Tuesday, October 24, 2017 2:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO credit facility - Intercept Letter

Hi John,

I've discussed with Sarah N., and we think Ron's edits to the third paragraph of the letter agreement should be deleted and reverted back to the original language. The purpose of that paragraph is for all three parties to acknowledge the current situation, and to change the language for the OFA to "acknowledge" and the other parties to "confirm" the same details will create confusion and possibly further delay this matter.

Also, I recommend deleting the following language added by the IESO – "or through any other agencies, bodies or other means" in the last sentence of the second last paragraph.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: John Kim
Sent: Tuesday, October 24, 2017 10:15 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: IESO credit facility - Intercept Letter

Hi Lisa,

Pls. take a look. Ron had some edits which we reflected to IESO's version.

Thanks,

John

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 9:54 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility - Intercept Letter

Hi John – per our discussion yesterday, attached is a markup of the draft Intercept Letter, which now shows IESO's changes (as well as those previously provided by MOE).

Let me know if you have any questions.

Regards,
Victor
416-969-6079

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
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Subject: RE: IESO credit facility

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Cc: Sarah Harris
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John

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To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

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Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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

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From:	Whitfield, Tobias P. (MOF)
To:	Sarah Neville; Lisa Stein; John Kim; William Tan
Cc:	Anna Strathy
Subject:	RE: IESO credit facility
Date:	Friday, October 20, 2017 10:15:00 AM

I agree that Sarah's question is an important one. What is the purpose of the security interest? I didn't know that the Trust was going to be a creditor of IESO?

Is there some background on that issue?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Sarah Neville [mailto:Sarah.Neville@ofina.on.ca]
Sent: October 20, 2017 10:13 AM
To: Stein, Lisa (OFA); Kim, John (OFA); Tan, William (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: IESO credit facility

I agree with Lisa re intercept.

As a sidebar, not an OFA issue and way beyond my expertise, but is there any concern/discussion that the Trust, if given a first priority over ALL the asset of the IESO could potentially enforce a security interest and liquidate a significant entity responsible for overseeing the supply of electricity into Ontario? Is anyone weighing in on this question -IESO/MOE?

Sarah

From: Lisa Stein
Sent: Friday, October 20, 2017 10:02 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

If the IESO gives the Trust a 1st priority over all IESO assets, it follows that the intercept provisions as drafted in the proposed credit facility agreement will not work. This further strengthens the case for a directive.
I've copied Toby from MOF Legal as a heads up.

Lisa

From: John Kim
Sent: Friday, October 20, 2017 8:08 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi,

Pls. take a look at this once again and let me know if you have any comments. Thus far, IESO has not provided any edits but seem to be indicating that they are getting close to being prepared to sign.

IESO has indicated the following and I will ask you to give it some thought:

"DRAFT - The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables in favour of the Trust. This item is being discussed amongst all parties. If this proceeds, the IESO will have to amend/restructure its current credit facilities with TD Bank, OFA, and OEFC as all are unsecured pari-passu."

Thanks,

John

From: John Kim
Sent: Friday, October 06, 2017 10:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO credit facility

Hi Tom,

Pls. see attached draft letter agreement to get the discussion going. I believe you saw the short briefing note Ron shared with Steen on Tuesday.

We are available for a chat today to address any questions or comments.

Thanks,

John

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

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From:	John Kim
To:	Lisa Stein; Tobias P. Whitfield (MOF); Sarah Neville
Cc:	Sarah Harris; Anna Strathy
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 4:03:12 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean.docx

For Toby's information, attached the draft letter agreement.

From: John Kim
Sent: Tuesday, September 26, 2017 4:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi Lisa, Toby,

I want to clarify that based on the approach we are moving forward with, the understanding of the OFA Lending Policy should be such that where there are no appropriation by Legislature, there is nothing contemplated by the OFA Lending Policy to intercept. Some of us in CEFD are a bit concerned about the wording 'carve-outs' and 'perhaps' below. I think Toby referred to 'carve-outs' to refer to exceptions to what is subject to the intercept. With the draft letter agreement, we are taking a position that there is nothing to intercept and that we are agreeing to put the intercept clause in as in the future there could be appropriations by Legislature for the IESO at which point, it would become necessary in the future which would be a prudent thing to have.

I was getting Ron in the loop as potentially ready to manage the process with OPG.

Let me know pls. if I am off base on any of the above.

John

From: Lisa Stein
Sent: Tuesday, September 26, 2017 11:34 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

On p. 3, item #6 under "Conditions Precedent", the OFA Lending Policy provides that the OFA must ensure that it has an "appropriate" intercept in place. While the intercept wording in the Policy itself does not provide flexibility (as noted by Toby), perhaps this provision allows for 'carve-outs' in situations where the operation of the intercept would not be appropriate (such as those outlined by John below)?

Lisa

From: John Kim
Sent: Tuesday, September 26, 2017 11:24 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi,

I'm happy to organize a call among us, if there is a need for it.

In an earlier note when we were seeking the Intercept Exemption Directive, we had the following bullets as part of the rationale section:

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

Would these not relate to the carve-outs that Toby is referring to? Let me know pls. if I am mis-interpreting things.

John

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, September 26, 2017 11:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Although I am sympathetic to Anthony's concerns, I am not sure that the OFA lending policy leaves room for carve-outs for what is subject to the intercept.

Sarah and Lisa, do you see scope for doing so?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 26, 2017 10:44 AM
To: Neville, Sarah (OFA); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: IESO credit facility

Anthony had very cursory comments along two points – some concern expressed by Stikeman and Elliott about priority over payments and that they have some MOECC dealings related to Cap and Trade(?). I mentioned to him that the intent is not to cover anything other than appropriation for IESO's own operational funding and that happy to receive edits to cover such concerns.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:37 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

Hi –

I just spoke with Toby (I've copied him as an FYI) and he flagged that he doesn't know why IESO would need to share this with OPG in the first instance. The only issue/reason we could identify was that it may have something to do with the purchase by OPG of the "asset" (I'm using quotation marks because I don't know anything about this transaction or its structure other than how it is referred) from IESO and making sure that the "asset" is free of encumbrances. IESO may have reps or warranties in its dealings with OPG to this effect, and, I am guessing, but this may have been part of the rationale with respect to concerns that IESO had in earlier versions of the drafting in regard to definitions of "permitted liens" and ranking of debt. Our advice is to reach out to IESO and try to ascertain the reason for the request (John, as Anthony called you, perhaps you could call him back with this request?)

I understand that we have been treating this loan as confidential, and OFA can waive confidentiality and allow disclosure to OPG (if this route is agree to I would recommend that disclosure be made by IESO on a confidential basis) but the risk/caution is that adding more layers outside of the immediate parties to the intercept (which now includes MOE), will add further delay and complexity in what is essentially an administrative issue and as noted we are not plugged into the broader discussions going on between the other parties with respect to other components of the FHP process.

Sarah

From: John Kim
Sent: Tuesday, September 26, 2017 10:16 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi Sarah,

Sounds good to me. Anthony gave me a call to give me the heads-up before the email.

I did also mention to him that we would be open to suggested edits to the draft to reflect any comments they may have.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi John,

Off the top of my head I don't see any legal issues from the OFA perspective, but I defer to Lisa because she is closer to the documentation than I am so will ask her to weigh in.

We should also consider giving Toby a heads up because I think MOF Legal's been more involved in the OPG side of things, I don't know where things stand on the other various moving parts that are not directly within the mandate of the OFA. I will give him a quick call.

Sarah

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:05 AM
To: Lisa Stein (Lisa.Stein@ofina.on.ca) <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi Lisa – could you let us know if you see any concerns with this request?

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

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www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

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

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I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement. The OFA, IESO and the Ministry of Energy ("MOE") acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for the IESO [Energy to confirm] and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), on an unsecured basis, the OFA requires the Ministry of Energy ("MOE") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and MOE agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and MOE agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").
    - Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with MOE and seek MOE's support in getting the IESO to pay the amounts owing within a reasonable cure period.

DRAFT

- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, MOE will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by MOE. Upon request, MOE will provide similar information to the Minister of Finance.

- MOE acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, MOE will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

From:	John Kim
To:	Lisa Stein; Tobias P. Whitfield (MOF); Sarah Neville
Cc:	Sarah Harris; Anna Strathy
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 4:02:35 PM

Hi Lisa, Toby,

I want to clarify that based on the approach we are moving forward with, the understanding of the OFA Lending Policy should be such that where there are no appropriation by Legislature, there is nothing contemplated by the OFA Lending Policy to intercept. Some of us in CEFD are a bit concerned about the wording 'carve-outs' and 'perhaps' below. I think Toby referred to 'carve-outs' to refer to exceptions to what is subject to the intercept. With the draft letter agreement, we are taking a position that there is nothing to intercept and that we are agreeing to put the intercept clause in as in the future there could be appropriations by Legislature for the IESO at which point, it would become necessary in the future which would be a prudent thing to have.

I was getting Ron in the loop as potentially ready to manage the process with OPG.

Let me know pls. if I am off base on any of the above.

John

From: Lisa Stein
Sent: Tuesday, September 26, 2017 11:34 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

On p. 3, item #6 under "Conditions Precedent", the OFA Lending Policy provides that the OFA must ensure that it has an "appropriate" intercept in place. While the intercept wording in the Policy itself does not provide flexibility (as noted by Toby), perhaps this provision allows for 'carve-outs' in situations where the operation of the intercept would not be appropriate (such as those outlined by John below)?

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Sent: Tuesday, September 26, 2017 11:24 AM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi,

I'm happy to organize a call among us, if there is a need for it.

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- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

Would these not relate to the carve-outs that Toby is referring to? Let me know pls. if I am mis-interpreting things.

John

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, September 26, 2017 11:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Although I am sympathetic to Anthony's concerns, I am not sure that the OFA lending policy leaves room for carve-outs for what is subject to the intercept.

Sarah and Lisa, do you see scope for doing so?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 26, 2017 10:44 AM
To: Neville, Sarah (OFA); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: IESO credit facility

Anthony had very cursory comments along two points – some concern expressed by Stikeman and Elliott about priority over payments and that they have some MOECC dealings related to Cap and Trade(?). I mentioned to him that the intent is not to cover anything other than appropriation for IESO's own operational funding and that happy to receive edits to cover such concerns.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:37 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

Hi –

I just spoke with Toby (I've copied him as an FYI) and he flagged that he doesn't know why IESO would need to share this with OPG in the first instance. The only issue/reason we could identify was that it may have something to do with the purchase by OPG of the "asset" (I'm using quotation marks because I don't know anything about this transaction or its structure other than how it is referred) from IESO and making sure that the "asset" is free of encumbrances. IESO may have reps or warranties in its dealings with OPG to this effect, and, I am guessing, but this may have been part of the rationale with respect to concerns that IESO had in earlier versions of the drafting in regard to definitions of "permitted liens" and ranking of debt. Our advice is to reach out to IESO and try to ascertain the reason for the request (John, as Anthony called you, perhaps you could call him back with this request?)

I understand that we have been treating this loan as confidential, and OFA can waive confidentiality and allow disclosure to OPG (if this route is agree to I would recommend that disclosure be made by IESO on a confidential basis) but the risk/caution is that adding more layers outside of the immediate parties to the intercept (which now includes MOE), will add further delay and complexity in what is essentially an administrative issue and as noted we are not plugged into the broader discussions going on between the other parties with respect to other components of the FHP process.

Sarah

From: John Kim
Sent: Tuesday, September 26, 2017 10:16 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi Sarah,

Sounds good to me. Anthony gave me a call to give me the heads-up before the email.

I did also mention to him that we would be open to suggested edits to the draft to reflect any comments they may have.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi John,

Off the top of my head I don't see any legal issues from the OFA perspective, but I defer to Lisa because she is closer to the documentation than I am so will ask her to weigh in.

We should also consider giving Toby a heads up because I think MOF Legal's been more involved in the OPG side of things, I don't know where things stand on the other various moving parts that are not directly within the mandate of the OFA. I will give him a quick call.

Sarah

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:05 AM
To: Lisa Stein (Lisa.Stein@ofina.on.ca) <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi Lisa – could you let us know if you see any concerns with this request?

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

Moody's (Gavin MacFarlane) has verbally raised their concern to me that the new $2B facility should be in place this month – main concern is that the IESO may/is rapidly burning through the $975M capacity at about $200M-$250M/month. Also, the first sale to Financing Entity is not expected until October(ish).
I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch

Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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From:	Anthony Martinello
To:	John Kim
Cc:	Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 1:58:00 PM

Please re-consider.
The IESO and OPG are currently negotiating terms for the fair hydro program and servicing – and OPG may consider this letter to impact their position on some aspects.
The point of sharing it with OPG is precisely to see if they do have any concerns as I wish to avoid any future unfavourable outcomes that may result by not sharing.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 26, 2017 11:48 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject: RE: IESO credit facility

Hi Anthony,

We had a quick internal discussion and we are not quite there on the need to share this with OPG and their lawyers. If you feel strongly about it then I will take it back to get that direction but would it be possible to manage any concerns via proposed edits to the draft letter agreement?

Thanks,

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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Cc: Sarah Harris
Subject: RE: IESO credit facility

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Ph: 416-212-6996

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From:	Lisa Stein
To:	John Kim; Tobias P. Whitfield (MOF); Sarah Neville
Cc:	Sarah Harris; Anna Strathy
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 11:33:54 AM

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Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Sent: September 26, 2017 10:44 AM
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Cc: Harris, Sarah (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
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From:	John Kim
To:	Tobias P. Whitfield (MOF); Sarah Neville; Lisa Stein
Cc:	Sarah Harris; Anna Strathy
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 11:23:52 AM

Hi,

I'm happy to organize a call among us, if there is a need for it.

In an earlier note when we were seeking the Intercept Exemption Directive, we had the following bullets as part of the rationale section:

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

Would these not relate to the carve-outs that Toby is referring to? Let me know pls. if I am mis-interpreting things.

John

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, September 26, 2017 11:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
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Tobias Whitfield
Counsel, Legal Services Branch

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Date:	Tuesday, September 26, 2017 11:01:46 AM

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From: John Kim
Sent: Tuesday, September 26, 2017 10:16 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

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Subject: FW: IESO credit facility

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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Regards.

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Cc: Sarah Harris; Victor Buza; Sarah Neville
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Hi Anthony,

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Cc: Sarah Harris
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Subject: RE: IESO credit facility

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Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

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Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority

e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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From:	John Kim
To:	Sarah Neville; Lisa Stein
Cc:	Sarah Harris; Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 10:43:42 AM

Anthony had very cursory comments along two points – some concern expressed by Stikeman and Elliott about priority over payments and that they have some MOECC dealings related to Cap and Trade(?). I mentioned to him that the intent is not to cover anything other than appropriation for IESO's own operational funding and that happy to receive edits to cover such concerns.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:37 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

Hi –

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Date: Tuesday, September 26, 2017 10:36:41 AM

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From:	Sarah Neville
To:	Lisa Stein; John Kim; William Tan
Cc:	Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: IESO credit facility
Date:	Friday, October 20, 2017 10:12:52 AM

I agree with Lisa re intercept.

As a sidebar, not an OFA issue and way beyond my expertise, but is there any concern/discussion that the Trust, if given a first priority over ALL the asset of the IESO could potentially enforce a security interest and liquidate a significant entity responsible for overseeing the supply of electricity into Ontario? Is anyone weighing in on this question -IESO/MOE?
Sarah

From: Lisa Stein
Sent: Friday, October 20, 2017 10:02 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

If the IESO gives the Trust a 1st priority over all IESO assets, it follows that the intercept provisions as drafted in the proposed credit facility agreement will not work. This further strengthens the case for a directive.
I've copied Toby from MOF Legal as a heads up.

Lisa

From: John Kim
Sent: Friday, October 20, 2017 8:08 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi,

Pls. take a look at this once again and let me know if you have any comments. Thus far, IESO has not provided any edits but seem to be indicating that they are getting close to being prepared to sign.

IESO has indicated the following and I will ask you to give it some thought:

"DRAFT - The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables in favour of the Trust. This item is being discussed amongst all parties. If this proceeds, the IESO will have to amend/restructure its current credit facilities with TD Bank, OFA, and

OEFC as all are unsecured pari-passu."

Thanks,

John

From: John Kim
Sent: Friday, October 06, 2017 10:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO credit facility

Hi Tom,

Pls. see attached draft letter agreement to get the discussion going. I believe you saw the short briefing note Ron shared with Steen on Tuesday.

We are available for a chat today to address any questions or comments.

Thanks,

John

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

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From: John Kim
To: Sarah Neville; Lisa Stein
Cc: Sarah Harris; Anna Strathy
Subject: RE: IESO credit facility
Date: Tuesday, September 26, 2017 10:15:37 AM

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Subject: RE: IESO credit facility

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Off the top of my head I don't see any legal issues from the OFA perspective, but I defer to Lisa because she is closer to the documentation than I am so will ask her to weigh in.

We should also consider giving Toby a heads up because I think MOF Legal's been more involved in the OPG side of things, I don't know where things stand on the other various moving parts that are not directly within the mandate of the OFA. I will give him a quick call.

Sarah

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:05 AM
To: Lisa Stein (Lisa.Stein@ofina.on.ca) <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi Lisa – could you let us know if you see any concerns with this request?

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Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

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Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

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

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From:	Sarah Neville
To:	Lisa Stein; John Kim
Cc:	Sarah Harris; Anna Strathy
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 10:12:31 AM

Hi John,

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From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: RE: IESO credit facility
Date: Friday, October 20, 2017 10:08:37 AM

Why is the IESO giving the Trust a security interest? They aren't lending them money, as far as I know? What debt does the IESO have to the Trust? They sell them an asset… Anyway, maybe we can chat later so that I can understand better.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: October 20, 2017 10:02 AM
To: Kim, John (OFA); Neville, Sarah (OFA); Tan, William (OFA); Neville, Sarah (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: IESO credit facility

If the IESO gives the Trust a 1st priority over all IESO assets, it follows that the intercept provisions as drafted in the proposed credit facility agreement will not work. This further strengthens the case for a directive.
I've copied Toby from MOF Legal as a heads up.

Lisa

From: John Kim
Sent: Friday, October 20, 2017 8:08 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi,

Pls. take a look at this once again and let me know if you have any comments. Thus far, IESO has not provided any edits but seem to be indicating that they are getting close to being prepared to sign.

IESO has indicated the following and I will ask you to give it some thought:

"DRAFT - The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables in favour of the Trust. This item is being discussed amongst all parties. If this proceeds, the IESO will have to amend/restructure its current credit facilities with TD Bank, OFA, and OEFC as all are unsecured pari-passu."

Thanks,

John

From: John Kim
Sent: Friday, October 06, 2017 10:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
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From:	Lisa Stein
To:	John Kim; Sarah Neville; William Tan; Sarah Neville
Cc:	Anna Strathy; Tobias P. Whitfield (MOF)
Subject:	RE: IESO credit facility
Date:	Friday, October 20, 2017 10:02:25 AM

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From:	John Kim
To:	"Anthony Martinello"
Cc:	Sarah Harris; Sarah Neville; Lisa Stein; "Victor Buza"
Subject:	RE: IESO credit facility
Date:	Tuesday, October 10, 2017 10:15:23 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits.docx

Hi Anthony,

Energy has indicated that they are good with the letter agreement with minor changes as attached.

Just an FYI.

Thanks,

John

From: John Kim
Sent: Friday, September 29, 2017 11:49 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO credit facility

Great, thanks Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 29, 2017 10:32 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO credit facility

Thanks John - that will work.

We agree to treat the information as confidential. And we will require OPG to treat it as confidential, including a requirement that the information will only be distributed internally or to their advisors on a confidential need-to-know basis.

Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 28, 2017 2:53 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject: RE: IESO credit facility

Hi Victor,

Could we get an assurance from your Legal, perhaps belatedly, to treat all items related to this confidentially and also to share with OPG counterparts on a confidential need to know basis?

On that basis, we are fine for IESO to proceed and discuss with OPG.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO credit facility

Please re-consider.
The IESO and OPG are currently negotiating terms for the fair hydro program and servicing – and OPG may consider this letter to impact their position on some aspects.
The point of sharing it with OPG is precisely to see if they do have any concerns as I wish to avoid any future unfavourable outcomes that may result by not sharing.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 26, 2017 11:48 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject: RE: IESO credit facility

Hi Anthony,

We had a quick internal discussion and we are not quite there on the need to share this with OPG and their lawyers. If you feel strongly about it then I will take it back to get that direction but would it be possible to manage any concerns via proposed edits to the draft letter agreement?

Thanks,

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I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.*

Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. The intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement. The OFA, IESO and the Ministry of Energy ("ENERGY~~MOE~~") acknowledge and confirm that at this time there are no amounts appropriated by the Legislature for the IESO [Energy to confirm] and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement"), on an unsecured basis, the OFA requires the Ministry of Energy ("ENERGY~~MOE~~") and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY~~MOE~~ agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):
    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY~~MOE~~ agree that in the event that the Legislature appropriates any funds for payment to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision").
    - Under the intercept provision, which shall be included in the Loan Agreements, the IESO also agrees that any notice from the OFA to the Minister of Finance in relation to its failure to pay under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.
    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY~~MOE~~ and seek

DRAFT

ENERGY~~MOE~~'s support in getting the IESO to pay the amounts owing within a reasonable cure period.

- Upon receipt of notice from the OFA that the IESO has failed to pay in accordance with the provisions of a Loan Agreement, ENERGY~~MOE~~ will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO, including the intended purpose and expected timing of such payments to be made by ENERGY~~MOE~~. Upon request, ENERGY~~MOE~~ will provide similar information to the Minister of Finance.

- ENERGY~~MOE~~ acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment to the IESO, ENERGY~~MOE~~ will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

DRAFT

From:	John Kim
To:	"Victor Buza"; Anthony Martinello
Cc:	Sarah Harris; Sarah Neville; Lisa Stein
Subject:	RE: IESO credit facility
Date:	Friday, September 29, 2017 11:49:18 AM

Great, thanks Victor.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 29, 2017 10:32 AM
To: John Kim <John.Kim@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO credit facility

Thanks John - that will work.

We agree to treat the information as confidential. And we will require OPG to treat it as confidential, including a requirement that the information will only be distributed internally or to their advisors on a confidential need-to-know basis.

Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 28, 2017 2:53 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject: RE: IESO credit facility

Hi Victor,

Could we get an assurance from your Legal, perhaps belatedly, to treat all items related to this confidentially and also to share with OPG counterparts on a confidential need to know basis?

On that basis, we are fine for IESO to proceed and discuss with OPG.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO credit facility

Please re-consider.
The IESO and OPG are currently negotiating terms for the fair hydro program and servicing – and OPG may consider this letter to impact their position on some aspects.
The point of sharing it with OPG is precisely to see if they do have any concerns as I wish to avoid any future unfavourable outcomes that may result by not sharing.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 26, 2017 11:48 AM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject: RE: IESO credit facility

Hi Anthony,

We had a quick internal discussion and we are not quite there on the need to share this with OPG and their lawyers. If you feel strongly about it then I will take it back to get that direction but would it be possible to manage any concerns via proposed edits to the draft letter agreement?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

Moody's (Gavin MacFarlane) has verbally raised their concern to me that the new $2B facility should be in place this month – main concern is that the IESO may/is rapidly burning through the $975M capacity at about $200M-$250M/month. Also, the first sale to Financing Entity is not expected until October(ish).
I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.

Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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From:	Victor Buza
To:	John Kim; Anthony Martinello
Cc:	Sarah Harris; Sarah Neville; Lisa Stein
Subject:	RE: IESO credit facility
Date:	Friday, September 29, 2017 10:32:25 AM

Thanks John - that will work.

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Victor

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Sent: September 28, 2017 2:53 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject: RE: IESO credit facility

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www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

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John

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e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

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From:	John Kim
To:	"Anthony Martinello"
Cc:	Sarah Harris; Victor Buza; Sarah Neville; Lisa Stein
Subject:	RE: IESO credit facility
Date:	Thursday, September 28, 2017 2:52:57 PM

Hi Victor,

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To: Anthony Martinello

Cc: Sarah Harris
Subject: RE: IESO credit facility

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To: John Kim <John.Kim@ofina.on.ca>
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John

Y. John Kim
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From:	Lisa Stein
To:	John Kim; Tobias P. Whitfield (MOF); Sarah Neville
Cc:	Sarah Harris; Anna Strathy
Subject:	RE: IESO credit facility
Date:	Tuesday, September 26, 2017 4:29:56 PM

Hi John,

Yes, your understanding is correct. There are currently no "exceptions" to or specific "carve outs" from the intercept requirement in the Policy and I agree with Toby. I was trying to address the question you had raised in your earlier e-mail.

Lisa

From: John Kim
Sent: Tuesday, September 26, 2017 4:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi Lisa, Toby,

I want to clarify that based on the approach we are moving forward with, the understanding of the OFA Lending Policy should be such that where there are no appropriation by Legislature, there is nothing contemplated by the OFA Lending Policy to intercept. Some of us in CEFD are a bit concerned about the wording 'carve-outs' and 'perhaps' below. I think Toby referred to 'carve-outs' to refer to exceptions to what is subject to the intercept. With the draft letter agreement, we are taking a position that there is nothing to intercept and that we are agreeing to put the intercept clause in as in the future there could be appropriations by Legislature for the IESO at which point, it would become necessary in the future which would be a prudent thing to have.

I was getting Ron in the loop as potentially ready to manage the process with OPG.

Let me know pls. if I am off base on any of the above.

John

From: Lisa Stein
Sent: Tuesday, September 26, 2017 11:34 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

On p. 3, item #6 under "Conditions Precedent", the OFA Lending Policy provides that the OFA must

ensure that it has an "appropriate" intercept in place. While the intercept wording in the Policy itself does not provide flexibility (as noted by Toby), perhaps this provision allows for 'carve-outs' in situations where the operation of the intercept would not be appropriate (such as those outlined by John below)?

Lisa

From: John Kim
Sent: Tuesday, September 26, 2017 11:24 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi,

I'm happy to organize a call among us, if there is a need for it.

In an earlier note when we were seeking the Intercept Exemption Directive, we had the following bullets as part of the rationale section:

- While the IESO settlements system for the electricity sector may facilitate the flow of appropriations of the Ministry of Energy for energy-related programs such as the Ontario Rebate for Electricity Consumers (OREC), the Rural or Remote Rate Protection Program (RRRP), the Ontario Electricity Support Program (OESP) etc., these payments are for the benefit of various electricity consumers.

- Intercepting these program specific payments, which are appropriated by the Legislature for the Ministry of Energy, under which the IESO may only be providing a conduit to local distribution companies under the IESO settlement system to provide benefits to ratepayers, in order to recover loan payments would not be in alignment with the wording or intent of the OFA's Lending Policy.

Would these not relate to the carve-outs that Toby is referring to? Let me know pls. if I am mis-interpreting things.

John

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, September 26, 2017 11:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Although I am sympathetic to Anthony's concerns, I am not sure that the OFA lending policy leaves

room for carve-outs for what is subject to the intercept.

Sarah and Lisa, do you see scope for doing so?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 26, 2017 10:44 AM
To: Neville, Sarah (OFA); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA); Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: IESO credit facility

Anthony had very cursory comments along two points – some concern expressed by Stikeman and Elliott about priority over payments and that they have some MOECC dealings related to Cap and Trade(?). I mentioned to him that the intent is not to cover anything other than appropriation for IESO's own operational funding and that happy to receive edits to cover such concerns.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:37 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

Hi –

I just spoke with Toby (I've copied him as an FYI) and he flagged that he doesn't know why IESO would need to share this with OPG in the first instance. The only issue/reason we could identify was that it may have something to do with the purchase by OPG of the "asset" (I'm using quotation marks because I don't know anything about this transaction or its structure other than how it is referred) from IESO and making sure that the "asset" is free of encumbrances. IESO may have reps or warranties in its dealings with OPG to this effect, and, I am guessing, but this may have been part of the rationale with respect to concerns that IESO had in earlier versions of the drafting in regard to definitions of "permitted liens" and ranking of debt. Our advice is to reach out to IESO and try to ascertain the reason for the request (John, as Anthony called you, perhaps you could call him back with this request?)

I understand that we have been treating this loan as confidential, and OFA can waive confidentiality and allow disclosure to OPG (if this route is agree to I would recommend that disclosure be made by

IESO on a confidential basis) but the risk/caution is that adding more layers outside of the immediate parties to the intercept (which now includes MOE), will add further delay and complexity in what is essentially an administrative issue and as noted we are not plugged into the broader discussions going on between the other parties with respect to other components of the FHP process.

Sarah

From: John Kim
Sent: Tuesday, September 26, 2017 10:16 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi Sarah,

Sounds good to me. Anthony gave me a call to give me the heads-up before the email.

I did also mention to him that we would be open to suggested edits to the draft to reflect any comments they may have.

John

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:13 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

Hi John,

Off the top of my head I don't see any legal issues from the OFA perspective, but I defer to Lisa because she is closer to the documentation than I am so will ask her to weigh in.

We should also consider giving Toby a heads up because I think MOF Legal's been more involved in the OPG side of things, I don't know where things stand on the other various moving parts that are not directly within the mandate of the OFA. I will give him a quick call.

Sarah

From: Sarah Neville
Sent: Tuesday, September 26, 2017 10:05 AM
To: Lisa Stein (Lisa.Stein@ofina.on.ca) <Lisa.Stein@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi Lisa – could you let us know if you see any concerns with this request?

Sarah

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, September 26, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: IESO credit facility

John,

Thanks for this.
We have reviewed and before we comment back, we would like your ok to discuss/share this doc with OPG and their lawyers.

Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 21, 2017 4:07 PM
To: Anthony Martinello
Cc: Sarah Harris; Victor Buza; Sarah Neville
Subject: RE: IESO credit facility

Hi Anthony,

Pls. see attached draft letter agreement for IESO's consideration. We have shared with Energy Legal the draft as well to get their input/comments.

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 20, 2017 9:58 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO credit facility

Sure, before 11am today is preferred. Can you send call-in details. Regards.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 20, 2017 9:44 AM
To: Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO credit facility

Hi Anthony,

Do you have time for a quick call this morning?

Thanks,

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 23, 2017 8:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: IESO credit facility

Moody's (Gavin MacFarlane) has verbally raised their concern to me that the new $2B facility should be in place this month – main concern is that the IESO may/is rapidly burning through the $975M capacity at about $200M-$250M/month. Also, the first sale to Financing Entity is not expected until October(ish).
I am currently at about $405M utilized.
Also, both the IESO Board of Directors and Moody's were expecting these new facilities to be in place this month – and so, any delay would need to be explained.
Appreciate your efforts to co-ordinate a timely approval.
Call me to discuss if needed.

Regards.

Anthony Martinello Director, Treasury & Pension Operations
Independent Electricity System Operator (IESO) | T: 905-403-6944
Station A, Box 4474, Toronto, ON, M5W 4E5
www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 22, 2017 5:22 PM
To: Anthony Martinello
Subject: IESO credit facility

Hi Anthony,

I am currently working on your request for the two facilities with the OFA.

I understand your main concern is your interactions with the ratings agencies, Moody's specifically. Is there a particular timeline that you have to meet? My estimation is that the required approvals can be obtained in the early part of next week or the week after. I know the week after is spilling into September.

I am happy to keep pushing for early next week but let me know if the first week of September works. I am confirming as some extraordinary steps are involved.

Thanks,

John

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

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From: John Kim
To: Tobias P. Whitfield (MOF); Sarah Neville; Lisa Stein; William Tan; Sarah Harris
Cc: Anna Strathy; Francisco Chinchon
Subject: RE: IESO credit facility
Date: Friday, October 20, 2017 1:56:15 PM

Thanks everyone for joining the chat on short notice and also to Francisco for helping out. And sorry, didn't mean to leave out Sarah H. in my email this morning.

One of the takeaways from the meeting for me was that we need to let IESO know within reasonable timeframe that amending the existing facilities at any point would require appropriate approvals, likely involving a Directive and that we cannot actively or passively acquiesce [not sure if this is the appropriate word] by not responding. That it would require appropriate approvals when IESO has reasonably concluded its discussion on the matter. I just sent that in an email response following a phone call and also wanted to flag that IESO is expecting the next draft on Wednesday so I think we are looking at that as when we will have a sense of where the two entities stand.

All said, we are working on the Directive option in parallel.

John

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, October 20, 2017 10:15 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: IESO credit facility

I agree that Sarah's question is an important one. What is the purpose of the security interest? I didn't know that the Trust was going to be a creditor of IESO?

Is there some background on that issue?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Sarah Neville [mailto:Sarah.Neville@ofina.on.ca]
Sent: October 20, 2017 10:13 AM
To: Stein, Lisa (OFA); Kim, John (OFA); Tan, William (OFA)
Cc: Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
Subject: RE: IESO credit facility

I agree with Lisa re intercept.

As a sidebar, not an OFA issue and way beyond my expertise, but is there any concern/discussion that the Trust, if given a first priority over ALL the asset of the IESO could potentially enforce a security interest and liquidate a significant entity responsible for overseeing the supply of electricity into Ontario? Is anyone weighing in on this question -IESO/MOE?

Sarah

From: Lisa Stein
Sent: Friday, October 20, 2017 10:02 AM
To: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: IESO credit facility

If the IESO gives the Trust a 1st priority over all IESO assets, it follows that the intercept provisions as drafted in the proposed credit facility agreement will not work. This further strengthens the case for a directive.
I've copied Toby from MOF Legal as a heads up.

Lisa

From: John Kim
Sent: Friday, October 20, 2017 8:08 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi,

Pls. take a look at this once again and let me know if you have any comments. Thus far, IESO has not provided any edits but seem to be indicating that they are getting close to being prepared to sign.

IESO has indicated the following and I will ask you to give it some thought:

"DRAFT - The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables in favour of the Trust. This item is being discussed amongst all parties. If this proceeds, the IESO will have to amend/restructure its current credit facilities with TD Bank, OFA, and OEFC as all are unsecured pari-passu."

Thanks,

John

From: John Kim
Sent: Friday, October 06, 2017 10:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO credit facility

Hi Tom,

Pls. see attached draft letter agreement to get the discussion going. I believe you saw the short briefing note Ron shared with Steen on Tuesday.

We are available for a chat today to address any questions or comments.

Thanks,

John

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

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From:	Lisa Stein
To:	John Kim
Cc:	Sarah Harris
Subject:	RE: IESO request re permitted liens
Date:	Friday, November 10, 2017 5:49:59 PM

I will be in the office on Tuesday if you would like to discuss further.

Thanks,

Lisa

From: Lisa Stein
Sent: Friday, November 10, 2017 4:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: IESO request re permitted liens
Importance: High

Hi John,

As per your request, please see the e-mail from Victor Buza below which explains their request for the amendment to the definition of "permitted liens".

Thank you,

Lisa

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan
Cc: Anthony Martinello
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Opal Kandelas
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: RE: IESO
Date: Tuesday, November 21, 2017 10:14:46 AM

I share John's concerns about sharing the agreement. Perhaps the news that TD had granted the requested IESO amendments as we did for the OFA facilities was premature.

Opal.

From: Sarah Harris
Sent: Tuesday, November 21, 2017 9:09 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO

Hi Lisa…Keeping you in the loop.

Sarah

From: William Tan
Sent: Tuesday, November 21, 2017 8:13 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO

fyi

From: John Kim
Sent: Monday, November 20, 2017 5:17 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO

Hi Anthony,

I think the steps we would take to allow it, if at all, could be quite onerous and time-consuming. Are there any specific concern they have that we should be able to address without actually letting them see the agreement?

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 20, 2017 5:05 PM

To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO

John, William,

TD Bank has asked to review the $2B Fair Hydro credit facility executed between IESO and OFA.

TD wants to gain comfort (themselves) that the credit facility is going to support the IESO's fair hydro transactions during the next 4 years.

I have verbally assured them of the above, but they wish to review themselves.

Let me know if I may share and TD will treat the document as confidential.

Regards.

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From:	Gavin He
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Ryan Blackbyrne; Jean-Francois Beaupre
Subject:	RE: IESO-OEFC - FHP LoC_Nov 2017_v3.docx
Date:	Thursday, November 09, 2017 11:48:35 AM

Hi Lisa,

Thanks for the providing the feedback. I can update the note based on the comments.

However, I do want to clarify 2 questions before that:

1. IESO's request was to change the definition of the permitted liens to minor the language in the OFA agreement, isn't this the case?
2. Under the 2nd bullet of the recommendation section, my thought was that IESO has a defined role in the OFHP Act, even though the existing OEFC credit facilities are not meant for FHP, how IESO treat the liens would still be the same regardless. Is that your understanding? And if this is not required, then maybe we don't need to change anything here, do we?

Thanks,
Gavin he

From: Lisa Stein
Sent: Thursday, November 09, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: IESO-OEFC - FHP LoC_Nov 2017_v3.docx

I should add one more comment. I believe there is more than one existing OEFC-IESO facility? Please clearly reference both facilities in the note.

I've copied Ryan and Jean-Francois as well, as per Sarah H.'s request.

Lisa

From: Lisa Stein
Sent: Thursday, November 09, 2017 11:40 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: IESO-OEFC - FHP LoC_Nov 2017_v3.docx

Hi Gavin,

As per your request, I've reviewed the note and I've made some initial comments and suggested amendments. As an overall comment, I believe the note requires restructuring and further clarification. Once you have had a chance to consider my comments, please send me a revised draft for review or send me a meeting planner and we can discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Gavin He
To:	Lisa Stein; Tobias P. Whitfield (MOF)
Cc:	Bruno Amara; Salman Qadir
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Tuesday, June 27, 2017 5:56:14 PM
Attachments:	01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN v3.docx 02 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo CEO-DM_v2_Clean.doc 03 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Memo DM-Min_v2_Clean.doc 04 - Directive IESO FHP 2017 v5.docx

Hi Lisa/Toby,

We have finalized the IESO credit facility package and I will provide you with the package tomorrow for signatures.

Toby – could you please let me know what time I can come in tomorrow for Michael's sign-off?

Thanks,
Gavin He

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread, consistent with the spread for current and past OFA credit facilities for the IESO.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Province's cost of funds provided to the IESO under the facility, which should more than offset any administrative cost impact on the OFA and Province.
  - The actual amount is expected to be small, as the IESO is expected to make draws for short periods to bridge brief timing differences in cash flows.
- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are ultimately recovered from electricity ratepayers.
  - Notwithstanding this, recovery from electricity ratepayers is determined by the Ontario Energy Board. If IESO cannot sell the regulatory asset created under the *Ontario Fair Hydro Plan Act, 2017*, to a financing entity as per the Act, the IESO will have this revolving debt that can only begin to be repaid once ratepayers begin to pay down the deferred Global Adjustment amount.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible

residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).

- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.
- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the right to recover the deferred amounts in the future) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
  - The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.
- IESO is expected to need short-term financing to manage initial and ongoing monthly IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset, which could result in longer than planned IESO draws on the credit facility.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million, which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
  - The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflects that the FHP prices for eligible consumers is being implemented through the setting of prices under the RPP.
  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	Existing OFA-IESO Facility	**New Proposed OFA-IESO FHP Facility**
Current Credit Facilities	$975 million	-
Reduction due to FHP	($500 million)	-
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
June 23, 2017

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

June 28, 2017

MEMORANDUM TO: Scott Thompson
Deputy Minister of Finance

FROM: Gadi Mayman
Chief Executive Officer

SUBJECT: **Minister's Directive to OFA to provide IESO a Credit Facility Extension**

Attached for your review and consideration is a memo to the Minister of Finance recommending that the Minister direct the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the right to recover the deferred amounts in the future) to a financing entity.

- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
- The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

IESO is expected to need short-term financing to manage initial and ongoing monthly IESO cash flow requirement timing differences.

…2

An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.

- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflects that the FHP prices for eligible consumers is being implemented through the setting of prices under the RPP.

Attached is a briefing note for your consideration, as well as a Lending Directive for the Minister's signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province's cost of funds plus a twenty-five basis point spread which is consistent with the spread for current and past OFA credit facilities for the IESO, and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Gadi Mayman

Attachments

c. Ronald Kwan

Ministry of Finance

Office of the
Deputy Minister

Frost Building South
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tel.: 416 325-1590
Fax: 416 325-1595

Ministère des Finances

Bureau du
sous-ministre

Édifice Frost sud
7 Queen's Park Cr
Toronto ON M7A 1Y7
Tél. : 416 325-1590
Téléc. : 416 325-1595

MEMORANDUM TO: The Honourable Charles Sousa
Minister of Finance

FROM: Scott Thompson
Deputy Minister

SUBJECT: **Minister's Directive to OFA to provide OPA a Credit Facility Extension**

Attached for your review and consideration is a Minister's Directive to the Ontario Financing Authority (OFA) to provide the Independent Electricity System Operator (IESO) a revolving credit facility in an amount of up to $2 billion. The credit facility is being requested by the IESO and will be used to support its role in the implementation and administration as prescribed under the Ontario Fair Hydro Plan Act, 2017 ("OFHP Act").

Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future. During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers. The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the right to recover the deferred amounts in the future) to a financing entity.

- It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
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- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
- The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflects that the FHP prices for eligible consumers is being implemented through the setting of prices under the RPP.

Attached is a briefing note for your consideration, as well as a Lending Directive for the your signature that would direct OFA to provide a $2 billion revolving credit facility to the IESO, with a maturity date of September 30, 2022, an interest rate of Province's cost of funds plus a twenty-five basis point spread which is consistent with the spread for current and past OFA credit facilities for the IESO, and any other terms the OFA deems appropriate.

Should a briefing be required, staff would be pleased to discuss this matter at your convenience.

Scott Thompson

Attachments

c. Marianne Nguyen
Gadi Mayman
Ronald Kwan

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

From: Bruno Amara
To: Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Salman Qadir; Gavin He; Lisa Stein
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:35:52 AM
Attachments: 01 - IESO-OFA - FHP Line of Credit Facility_MinDirective - BN.docx

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Hi

Sorry for all the emails but just to clarify, OFA Legal has already reviewed this.

Let us know if you have any questions.

Thanks
Bruno

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

IESO FAIR HYDRO PLAN CREDIT FACILITY
MINISTER OF FINANCE LENDING DIRECTIVE

The Independent Electricity System Operator (IESO) has requested a revolving credit facility in an amount of up to $2 billion from the Ontario Financing Authority ("OFA") to support its role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). To accommodate this request, the OFA requires a Lending Directive from the Minister of Finance.

- The IESO is requesting the credit facility be in place by July 1, 2017, with an initial term of 5-years plus a contingency of three months (effectively expiring on September 30, 2022).

RECOMMENDATION

- OFA staff recommend the Minister sign the Lending Directive allowing the OFA to lend to the IESO.
  - This will help the IESO to fulfil the commitments under the OFHP Act as the IESO will have to finance short to medium term funding shortfalls in the implementation of the Fair Hydro Plan.

MINISTER'S DIRECTIVE

Minister of Finance's Lending Directive would authorize the OFA to provide a revolving credit facility in an amount of up to $2 billion with a maturity date of September 30, 2022. The Lending Directive will also include the following conditions:

- The interest rate charged to IESO on all advances will be based on the Province's cost of funds plus a twenty-five basis point (0.25%) spread.
- The credit facility agreement shall be subject to such other terms as the OFA deems appropriate from time to time.

FISCAL IMPACT

- There would be a relatively small but positive fiscal impact for the Province as a result of this credit facility.
  - The Province receives a small fiscal benefit by adding 25 basis points (i.e., 0.25%) to the Provinces cost of borrowing for funds provided to the IESO under the facility.

- Both the IESO and OFA are consolidated with the Province on a line by line basis. For the OFA and the Province, costs associated with the credit facility are recovered from the IESO. For the IESO, principal and interest associated with the credit facility are recovered from electricity ratepayers.

DETAILS AND ANALYSIS

- On May 31, 2017, the government passed the OFHP Act to enable the implementation of the Ontario Fair Hydro Plan, which will lower electricity bills by 25 per cent on average for eligible residential customers. Eligible farms and small businesses will also receive benefits (essentially for those eligible for the Regulated Price Plan).
- Under the OFHP Act, the IESO will incur a monthly funding shortfall in the early years of the plan, as a portion of the Global Adjustment ("GA") charge to ratepayers will be deferred to the future.
- During this period, GA amounts collected from ratepayers will, therefore, be insufficient to fund the IESO's contractual obligations to electricity producers and service providers.

- The OFHP Act gives the IESO the right to recover those deferred amounts from specified consumers in the future (the "regulatory asset") and the ability to sell the regulatory asset (i.e., the shortfall) to a financing entity.
  - It is anticipated that the regulatory asset will be purchased by the financing entity to be established by OPG ("OPG SPV", an OPG special purpose vehicle or trust).
  - The cash received from selling the regulatory asset will be used by the IESO to fund the incurred GA shortfall.

- Although IESO will not need long-term borrowing for its role in this process, it is expected to need short-term financing to manage initial and ongoing IESO cash flow requirement timing differences.
  - The OPG SPV is not anticipated to be established and able to borrow to finance the purchase of the regulatory asset from the IESO until later in 2017 (planned for later in summer 2017; however, exact timing is subject to actual implementation).
  - Even once the SPV is set up to borrow, there is expected to be timing differences between the IESO's monthly settlement process when it has to pay generators and when the SPV purchases the asset from IESO.
  - Also, under the legislation, OPG's SPV is not required to purchase any portion of the regulatory asset.

Current Status

- An existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs. A separate facility for the FHP is preferable to ensure operational efficiency and tracking of related interest costs.
- As a result, the IESO has proposed to reduce the current $975 million credit facility by $500 million and create a new FHP facility in the amount of $2 billion.
  - The $500 million reduction in the current OFA facility is to eliminate duplicate credit needs and reflect the replacement of the current RPP by the new FHP.
  - Specific terms of the agreement are being negotiated between the IESO and OFA.

	OFA: IESO Facility	**New Proposed FHP Facility**
Current Credit Facilities	$975 million	$ -
Reduction due to FHP	$(500 million)	$ -
Increase due to FHP	$ -	$2,000 million
Total Credit Facilities	**$475 million**	**$2,000 million**

BACKGROUND

- The IESO is a not-for-profit corporate entity established in 1998 by the *Electricity Act, 1998*. It is governed by an independent Board of Directors and its Chair and Directors are appointed by the Province.
- The IESO has full statute-based authority for establishing, monitoring and enforcing reliability standards in the province. All the companies that make up the power system in Ontario must meet the IESO's standards.
- Its fees and licences to operate are set by the Ontario Energy Board and it operates independently of all other participants in the electricity market.

Electricity Finance Branch / Corporate and Electricity Finance Division
Ontario Financing Authority
June 23, 2017

From:	Bruno Amara
To:	Lisa Stein
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:28:05 AM

Will do Thanks Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 10:27 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Perhaps let MOF Legal know that OFA Legal has already reviewed?

From: Bruno Amara
Sent: Monday, June 26, 2017 10:25 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa

Sorry, No changes since last.

Thanks
Bruno

From: Lisa Stein
Sent: Monday, June 26, 2017 10:21 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

I'm aware of the new credit facility and I've already provided advice. Please advise if anything has changed that requires my review since my last review.

From: Gavin He
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Hi Lisa,

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Hope this helps.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive

Hi Gavin,

I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?

Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
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Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

From:	Lisa Stein
To:	Bruno Amara
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:27:09 AM

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Please let me know if you have any questions.

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Gavin He

From:	Lisa Stein
To:	Bruno Amara
Cc:	Salman Qadir; Sarah Harris; Gavin He
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:26:09 AM

Okay thank you. Please let me know if further changes are required after MOF Legal review.

From: Bruno Amara
Sent: Monday, June 26, 2017 10:25 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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From: Bruno Amara
To: Lisa Stein
Cc: Salman Qadir; Sarah Harris; Gavin He
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:24:59 AM

Hi Lisa

Sorry, No changes since last.

Thanks
Bruno

From: Lisa Stein
Sent: Monday, June 26, 2017 10:21 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

From:	Lisa Stein
To:	Gavin He
Cc:	Salman Qadir; Sarah Harris; Bruno Amara
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Monday, June 26, 2017 10:21:14 AM

I'm aware of the new credit facility and I've already provided advice. Please advise if anything has changed that requires my review since my last review.

From: Gavin He
Sent: Monday, June 26, 2017 10:20 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa,

This is a new credit facility to be in place for IESO. The existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs and to ensure operational efficiency and tracking of related interest costs.

Hope this helps.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive

Hi Gavin,

I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?

Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

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Please let me know if you have any questions.

Thanks,
Gavin He

From: Gavin He
To: Lisa Stein
Cc: Salman Qadir; Sarah Harris
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive
Date: Monday, June 26, 2017 10:19:37 AM

Hi Lisa,

This is a new credit facility to be in place for IESO. The existing credit facility between the IESO and the OFA is currently available for $975 million which includes support for the current Regulated Price Plan (RPP) program. The IESO has proposed that a separate and additional credit facility be provided to support only the FHP credit needs and to ensure operational efficiency and tracking of related interest costs.

Hope this helps.

Regards,
Gavin He

From: Lisa Stein
Sent: Monday, June 26, 2017 10:17 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO-OFA - FHP Line of Credit Facility Directive

Hi Gavin,

I haven't looked at this yet – are these the documents I've already reviewed or is this a new credit facility?

Lisa

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

From:	Whitfield, Tobias P. (MOF)
To:	Gavin He; Lisa Stein
Cc:	Bruno Amara; Salman Qadir
Subject:	RE: IESO-OFA - FHP Line of Credit Facility Directive
Date:	Wednesday, June 28, 2017 10:49:33 AM

Gavin – please come by anytime. If Malle steps out for a minute I can arrange to have it returned for you, but she should be available most of the day.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: June 27, 2017 5:56 PM
To: Stein, Lisa (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Salman Qadir
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Toby,

We have finalized the IESO credit facility package and I will provide you with the package tomorrow for signatures.

Toby – could you please let me know what time I can come in tomorrow for Michael's sign-off?

Thanks,
Gavin He

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

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From:	Opal Kandelas
To:	Lisa Stein
Subject:	RE: IESO
Date:	Wednesday, November 22, 2017 12:06:07 PM

Hi Lisa,

When you have a few minutes, please give me a call regarding TD's request to see the OFA-IESO credit facility agreement.

Thanks,
Opal

From: Sarah Harris
Sent: Tuesday, November 21, 2017 9:09 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: IESO

Hi Lisa…Keeping you in the loop.

Sarah

From: William Tan
Sent: Tuesday, November 21, 2017 8:13 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO

fyi

From: John Kim
Sent: Monday, November 20, 2017 5:17 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO

Hi Anthony,

I think the steps we would take to allow it, if at all, could be quite onerous and time-consuming. Are there any specific concern they have that we should be able to address without actually letting them see the agreement?

John

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 20, 2017 5:05 PM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO

John, William,

TD Bank has asked to review the $2B Fair Hydro credit facility executed between IESO and OFA.

TD wants to gain comfort (themselves) that the credit facility is going to support the IESO's fair hydro transactions during the next 4 years.

I have verbally assured them of the above, but they wish to review themselves.

Let me know if I may share and TD will treat the document as confidential.

Regards.

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO/OFA - FH line
Date:	Tuesday, September 04, 2018 9:37:34 AM

Hi Will,

I understand that Sarah N. worked on an IESO matter while I was away – has this matter been resolved or is this a new issue?

Thank you,

Lisa

From: William Tan
Sent: Thursday, August 30, 2018 9:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO/OFA - FH line

Good morning,

Please see message below regarding additional information on the potential $2billion credit facility increase.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, August 30, 2018 9:10 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: Re: IESO/OFA - FH line

If no FH purchase is made during Sept....then we should talk in early Oct to begin the agreement amendment process.....assuming this will take 4-6 weeks.
Regards
Sent from my iPhone

On Aug 30, 2018, at 9:03 AM, William Tan <William.Tan@ofina.on.ca> wrote:

CAUTION: This email originated from outside of the organization. Exercise caution when clicking on

links or opening attachments even if you recognize the sender.

Good morning Anthony,

At what level would the line of credit have to reach before you begin the process of increasing the line of credit?
Thanks for the notification.

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, August 29, 2018 8:49 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: IESO/OFA - FH line

Will

Just a courtesy email …nothing to do yet.

The IESO:OFA Fair Hydro line of credit is at about $1 billion drawn out of the $2 billion max capacity. We are drawing on avg about $200-300million/month.

The Fair Hydro Trust has not purchased the IESO's reg asset for a few months….if this continues I will be coming back to OFA to seek to increase the line of credit.

Regards.

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: IESO/OFA - FH line
Date:	Tuesday, September 04, 2018 10:03:41 AM

Thank you for the update. Please continue to keep OFA Legal in the loop and let me know when you require further assistance from us regarding this matter.

Lisa

From: William Tan
Sent: Tuesday, September 04, 2018 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO/OFA - FH line

Hi Lisa,

The immediate matter pertaining to the roller/advance has been resolved.
The matter below to negotiate an increase to the $2B FHP is a separate matter. There is currently nothing to do. Anthony is monitoring the situation and will let us know in early October.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, September 04, 2018 9:38 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: IESO/OFA - FH line

Hi Will,

I understand that Sarah N. worked on an IESO matter while I was away – has this matter been resolved or is this a new issue?

Thank you,

Lisa

From: William Tan
Sent: Thursday, August 30, 2018 9:32 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John

Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO/OFA - FH line

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Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
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To: William Tan <William.Tan@ofina.on.ca>
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Sent from my iPhone

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> At what level would the line of credit have to reach before you begin the process of increasing the line of credit?
> Thanks for the notification.
>
> Will
>
> ---
>
> **From:** Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> **Sent:** Wednesday, August 29, 2018 8:49 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Olga Whiteley <Olga.Whiteley@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** IESO/OFA - FH line

Will

Just a courtesy email …nothing to do yet.

The IESO:OFA Fair Hydro line of credit is at about $1 billion drawn out of the $2 billion max capacity. We are drawing on avg about $200-300million/month.

The Fair Hydro Trust has not purchased the IESO's reg asset for a few months….if this continues I will be coming back to OFA to seek to increase the line of credit.

Regards.

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From:	Sarah Harris
To:	"Victor Buza"
Cc:	Anthony Martinello; Olga Whiteley; William Tan; Lisa Stein
Subject:	RE: IESO/OFA - Signing Authority Documents
Date:	Tuesday, June 19, 2018 12:55:28 PM

Victor,

Thank you very much for the draft.

Overall, the certificate looks fine. The only comment we have is that we don't think the last paragraph at the bottom of the page (certification by Barb Anderson for Michael Lyle) is necessary; if that is your standard, however, that's fine.

If it possible to have the draft executed by end of day, that will be helpful ensuring the payment is released ASAP.

Thanks,
Sarah

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, June 19, 2018 12:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: IESO/OFA - Signing Authority Documents

Hi Sarah. Following our call earlier and per item #1 of Will's email below, attached please find the updated form of Incumbency Certificate. Please confirm that this updated form is acceptable and we will proceed to have it executed.

In addition, for your convenience, I also attach the original certified Board Resolution authorizing, among other things, the "Chief Financial Officer or her delegate" with respect to making draws under the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility.

Please call me if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 5:22 PM
To: Olga Whiteley; Anthony Martinello
Cc: Sarah Harris
Subject: RE: IESO - Signing Authority Documents

Hello Olga,

My legal department replied back to me and unfortunately a redacted board resolution and certificate of incumbency is required.

Thanks,

Will

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 18, 2018 3:45 PM
To: Anthony Martinello; Olga Whiteley
Cc: Sarah Harris; Carlos Yep; James Devine; Ricky Lai
Subject: RE: IESO - Signing Authority Documents

Hello Anthony and Olga,

I am following-up to get an indication of the solution you wish to pursue. Also, when will you be providing the documents. As a heads-up I will be out-of-the-office on Tuesday. For signatory related documents please coordinate with Sarah Harris.

Thanks,

Will

From: William Tan
Sent: Monday, June 18, 2018 11:38 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Olga Whiteley <Olga.Whiteley@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: IESO - Signing Authority Documents

Hello Anthony,

As per conversation regarding the required signing authority documents for Barb Anderson VP, & CFO on the election notices for June 20. Please provide completed documents for one of the following options below before June 20.

While option 6 is a suitable solution, it should be viewed as a temporary solution. Therefore, I recommend option 1, as a comprehensive long-term solution.

Options provided in May, 2018:

1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
2. ~~A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).~~
3. A general signing authority resolution of the IESO Board of Directors.
4. By-law or other document in place providing authorization to the IESO ~~CEO~~ CFO.
5. A certificate from the IESO Corporate Secretary stating that the IESO ~~CEO~~ CFO has signing authority.
6. A signature under seal of the corporation.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: [redacted]
To: [redacted]
Cc: [redacted]
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Wednesday, November 01, 2017 1:33:54 PM
Attachments: [redacted]

Hi,

Ps. see attached.

Tom, victor, pls. confirm your addresses.

Thanks,

John

-----Original Message-----
From: John Kim
Sent: Wednesday, November 01, 2017 12:02 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom,

I'm getting the letter signed in a few minutes. So ETA is this afternoon.

Also, Ron pointed out that this agreement could be executed in part which I understand to mean separately so will fire that off to both Energy and IESO.

John

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, November 01, 2017 11:59 AM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

John,

Coming out of this morning's rate mitigation meeting, I understand that the draft is final and that we are supposed to be getting an execution copy for Steen to sign sometime shortly? I have been asked to inquire as to what the ETA for that might be?

Thanks!
Tom.

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 1:49 PM
To: 'Victor Buza'
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA); McKinlay, Tom (MAG)
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: 31. 2017 12:57 PM
To: Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He; Tom McKinlay (MAG).
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

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Subject: RE: Intercept letter agreement IESO MOE OPA Sept 2017-rev_MarkupICIaas_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

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I am anticipating on our side being ready today to get the signature.

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Sent: Wednesday, October 25, 2017 5:23 PM
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Cc: Stein, Lisa (OFA); 'Anthony Martinello'; 'Michael Bell'; He, Gavin (OFA)
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Could we all have a final look and consult in respective shops?

Thanks,

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Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Tom McKinlay@ontario.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

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2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-4996

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1Y7

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Ontario

November , 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

... 2

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

... 3

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From: John Kim
To: Lisa Stein
Cc: William Tan ; Sarah Harris ; Sarah Hartz
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 1:53:52 PM

Why November 22?

Wouldn't it be effective right away?

-----Original Message-----
From: Lisa Stein
Sent: Tuesday, October 31, 2017 1:53 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John,

Just so that everyone is on the same page, Amending Agreement number 10 was sent to IESO for review this morning. It has an effective date of November 22, 2017.

Thank you,

Lisa

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:49 PM
To: Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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Just to be clear, John, I am asking in part because, as part of producing final docx for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercpt clause in the credit agreement.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 12:57 PM
To: Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bull; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

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From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bull; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bull; He, Gavin (OFA)
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-26data-3D01-257C01-257Cvictor.buza-2540ieso.ca-257Cfabdb49198dcd4fcd08d5516a69b8-257C7c7d5a8d03f243c588fd3bea4fdadb-257C0-26data-3DfMX6dRcWwG21WfMPfDkIZUzAkmhrhnW6UsMhTLd5qE-253D-26reserved-3D0-5Bieso.ca-5D-5Bfaa01.safelinks.protection.outlook.com-5F%2Fo%3FDOcW-5FAgNz&c%3DgL_YucLTZOaBAzqRaQkEgrMWFFHGr1_eykjo6FtiQ%26c%3Dvo974f4GbBdVBHBdpVRiOLesHHFYuq7uOGcAk6H%26e%3Dkc02a9fd2f4013a9b4f39fc5d5fd1f3c%7Cfabdb49198dcd4fcd08d5516a69b8%7C0-26data-3DMX6dRcWwG21WfMPfDkIZUzAkmhrhnW6UsMhTLd5qE-253D-26reserved-3D0-5Bieso.ca-5D-5Bfaa01.safelinks.protection.outlook.com-5F%2Fo%3FDOcW-5FAgNz&c%3DgL_YucLTZOaBAzqRaQkEgrMWFFHGr1_eykjo6FtiQ%26c%3Dvo974f4GbBdVBHBdpVRiOLesHHFYuq7uOGcAk6H%26e%3Dkc02a9fd2f4013a9b4f39fc5d5fd1f3c%7Cfabdb49198dcd4fcd08d5516a69b8%7C0-26data-3DkJkacuOEIIRmIn6TuyXv3nO-252FtaUo0Ul-252FtaUo0Ul-5Fy4jo5FtiQ-2526-26reserved-3D0%26d%3DDwMFAg%26c%3DgL_YucLTZOaBAzqRaQkEgrMWFFHGr1_eykjo6FtiQ%26c%3Dvo974f4GbBdVBHBdpVRiOLesHHFYuq7uOGcAk6H%26e%3DKmXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%26m4hz2bhVHaTcY5c5iLt7s_jh_n6dFi1AIbPk2p6cXDBKXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%26s4hz2bhVHaTcY5c5iLt7s_jh_n6dFi1AIbPk2p6cXDBKXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%3Dkc04a2ba%0A-01%7C01%7Cvictor.buza%40ieso.ca%7Cbabd8491f80da49c4f8c4208d516a69b8%7C7c7d5a8d03f243c588fd3bea4fdadb%7C0%0Adata=01%7C01%7Cvictor.buza%40ieso.ca%7Cbabd8491f80da49c4f8c4208d516a69b8%7C7c7d5a8d03f243c588fd3bea4fdadb%7C0%0Asdata=%2FTgHuU3fS2FRbcW1WYaK4bBEc TDGDIDXSRcqdf1UfE2%3D&reserved=0>
<https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-252Fdc2-252FDwMF&g=&d=DwMFAg&c=gL_YucLTZOaBAzqRaQkEgrMWFFHGr1-5Feykjo6FtiQ-2526-2526reserved-3D0&r=fabdb49198dcd4fcd08d5516a69b8-257C7c7d5a8d03f243c588fd3bea4fdadb-257C0-26data-3DkJkacuOEIIRmIn6TuyXv3nO-252FtaUo0Ul-5Fy4jo6FtiQ-2526-2526reserved-3D0%26d%3DDwMFAg%26c%3DgL_YucLTZOaBAzqRaQkEgrMWFFHGr1_eykjo6FtiQ%26c%3Dvo974f4GbBdVBHBdpVRiOLesHHFYuq7uOGcAk6H%26e%3DKmXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%26m4hz2bhVHaTcY5c5iLt7s_jh_n6dFi1AIbPk2p6cXDBKXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%3Dkc04a2ba%0A-01%7C01%7Cvictor.buza%40ieso.ca%7Cbabd8491f80da49c4f8c4208d516a69b8%7C7c7d5a8d03f243c588fd3bea4fdadb%7C0%0Adata=01%7C01%7Cvictor.buza%40ieso.ca%7Cbabd8491f80da49c4f8c4208d516a69b8%7C7c7d5a8d03f243c588fd3bea4fdadb%7C0%0Asdata=RISbXGlxXV9ck%2Bfe9ZTsaRcuNQVGZCXSRvfx2BjyxKHM4%3D&reserved=0>
| LinkedIn: IESO/linkedin.com/([mail1.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttps-2D3A-2F-2Fwww.linkedin.com-2Fcompany-2Fieso-252fd-253DwMFAg-252fc-253Dgl_-5FYucLTZOaBAzqRaQkEgrMWFFHGr1-5Feykjo6FtiQ-2526-253Dwo974f4GbBdVBHBdpVRiOLesHHFYuq7uOGcAk6h-252fen-253Dhttps-2D3A-2F-2Fwww.linkedin.com-2Fcompany-2Fieso-252fd-253Dwo974f4GbBdVBHBdpVRiOLesHHFYuq7uOGcAk6H%26s%3DIC8Ytb4tPQxvUZZfGeQP_yl6k-WbwzTEkSLCIGF2m3qHc%26u4hz2bhVHaTcY5c5iLt7s_jh_n6dFi1AIbPk2p6cXDBKXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%26m4hz2bhVHaTcY5c5iLt7s_jh_n6dFi1AIbPk2p6cXDBKXMvwSv6ksd55ee1Dhf2E_jBSZBs1pLI1hC13AO6mGo%3Dkc04a2ba%0A-01%7C01%7Cvictor.buza%40ieso.ca%7Cbabd8491f80da49c4f8c4208d516a69b8%7C7c7d5a8d03f243c588fd3bea4fdadb%7C0%0Asdata=Mqh1HyC4tSmDxwsBcfpJG1UsOFKuGzu7CSEyjBBNF4%3D&reserved=0>

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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bull; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-0996

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From: [Lisa Sterio]
To: [John Kim]
Cc: [William Tao]; [Sarah Hatch]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyAddls_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 1:50:09 PM

Hi John,

Just so that everyone is on the same page, Amending Agreement number 10 was sent to IESO for review this morning. It has an effective date of November 22, 2017.

Thank you,

Lisa

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:49 PM
To: Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyAddls_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 12:57 PM
To: Victor Buza
Cc: Lisa Sterio; Anthony Martinello; Michael Bolf; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Sterio, Lisa (OFA); Anthony Martinello; Michael Bolf; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Sterio, Lisa (OFA); Anthony Martinello; Michael Bolf; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.
Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:30 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Sterio; Anthony Martinello; Michael Bolf; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf' <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Victor Buza' <Victor.Buza@ieso.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf' <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Sterio, Lisa (OFA); Anthony Martinello'; 'Michael Bolf'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formating today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sterio <Lisa.Sterio@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Sterio; Anthony Martinello; Michael Bolf; He, Gavin (OFA)
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-0996

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

From: [John Kim]
To: [Victor Buza]
Cc: [Lisa Stein]; [Anthony Martinello]; [Michael Bull]; [Gavin He]; [Tom McKinlay (MAG)]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyMills_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 3:38:10 PM
Attachments: image001.jpg@01D35E1A.B0B1AAF0 image002.jpg@01D35E1A.B0B1AAF0 image003.jpg@01D35E1A.B0B1AAF0 image004.jpg@01D35E1A.B0B1AAF0 image005.jpg@01D35E1A.B0B1AAF0

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
Victor

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Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

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Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bull; He, Gavin (OFA)
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John

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To: John Kim <John.Kim@ofina.on.ca>; Victor Buza' <Victor.Buza@ieso.ca>; Victor Buza <Victor.Buza@ieso.ca>
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Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

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Tom.

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Cc: Stein, Lisa (OFA)' Anthony Martinello'; 'Michael Bull'; He, Gavin (OFA)
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Hi,

Pls. have a look at the latest and let us know if you have any comments.

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Could we all have a final look and consult in respective shops?

Thanks,

John

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Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

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2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fprodinet.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C3ebd8491f0bde8fcd08d51ae06b0-257C9-26data-3DMXkdRrWwS21WfMPIDkIJJ1xAkmhrhwlWEs4hKL4IqE-253D-26reserved-3D6-5Fieso.ca-5Fsp1&d=DwMFaQ&c=Sz%2BIqiHzU3f%2FBbcW1WYuK4hBEvTDGSDiSKuIgI1iTdfQ%3D&r=eyJhbGciOiJIUzI1NiJ9.eyJzdWIiOiJ2aWN0b3IuYnV6emFAaWVvLmNhIn0.Ie_Yucl.TZOaBAapRaQkKEgrMWFFHCr1_eykjn9rFiQ%2fi63%3Dvot9746f2bbbV9BBbbyV86JLxo6HHFYxq7uOGcAk0l%26ot%3Dkc2Ndv%2BCwpfwd-3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Fforkliftfense.prodpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5Fwww.ieso.ca-5F-252Fdel-252DDocMFAq-252Bc-253DDqF-5FYucLTZOaBAapRaQkKEgrMWFFHCr1-5Feykjn9rFiQ-252Bc-253Dvot9746fGhbbV9BBbbyV86JLxo6HHFYxq7uOGcAk0l-2526ie-253DbpMBmAPGKEZp2AQJaAMA-2D6adNebnbYvaUs1H2-2D636M-2526s-253DBtqwBbn

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

(416) 325-8000

October , 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a “Loan Agreement”; together, the “Loan Agreements”):

    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose (“Appropriated Funds”), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the “intercept provision”). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY’s support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance’s direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From: Victor Buza
To: John Kim
Cc: Lisa Stein; Anthony Marinello; Michael Bell; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 1:42:23 PM

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreement.
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1

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253Dvnt4f4CtbfbV9BfBbpVRtLroiHHFYuq7uOGcIrA60f-2526m-253DqMdIm-APGKEZp2AQJaAMA-2D6adNobnbyYoiUnJ02-2D6Jh6-2526s-253DnVHj-2DiT4D-2DBOF9OR1YYLVoHFIT3cdDaqo0tsFr60f-5FVA-2526r-253D-26data-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ceb1af5ec64fb7e9a08d51f9201f08-257C7cd55ab6f2f243c58f4bd3bea45badd8-257C0-26sdata-3DcRcarrCKERHmiBvOrpXcInO-252FnfJoSLSr0fbdOeqvdqo-253D-26reserved-
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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Marinello; Michael Bell; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-4996

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From: John Kim
To: "Victor Buza"
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 12:56:38 PM

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

_____
From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: Victor Buza; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.

Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:39 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello'; Michael Bell'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAtClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-2D01-257C01-257C victor.buza-2540ieso.ca-257C3dbdf6493f0dae8fcd8bd208d51ba6960-257C7cd55a8d83f243c5f49d5f8ea6f5da6d8-257C0-26sdata-3DfMX6dKRcWwG21WiMPfDkD1Uz4zmbvhzwWiUnMGLdIgE-253D-26reserved-3D0-5Bieso.ca-5D-5Bta01.safelinks.protection.outlook.com-3Fdata-3DwIFAgRcvqG_YucLTZOaBAapRaQkREgrMWFFBCr1_eykjn6FnIQkc=ee07d64f26bfd9V9BBbbV9fcOLxnHH8Y1xqTuOGJzAG0I&sa=&s2K27d9fd3W4l3gv-kbSjSfWSq4lYpW73ysbUSG_U_Y&w=psi_ENiQnFeG2PdqhQ&ptsfo6dLdWoHnIf5bRDYYJg&wcBa=~https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttps-2553A-2F-2Fwww.ieso.ca-2F-2526d-253DDwMFAg-2526c-253DZuf_AFYucLTZOaBAapRaQkREgrMWFFBCr1-5FeykjnfnIQ-2526r-253DDvn07464Cth8tV9BBbbyV8tOLxnHH8Y1xqTuOGJzAG0I-2526s-253DJbqHBmAPGKEZp2AjQaAMA-2D6edNobnbyVvnEvJ6l2-2D6Jbl-2526v-253DKtoMqpvoPw2Ea3N-2D4cK3wdq0uOnTYMqwwhCJCMrIuU-2526c-253D-26data-3D01-257C01-257C victor.buza-2540ieso.ca-257C2ce0a1a3f5ec64fcb7e9da86d51f020100-257C7cd55a8d83f243c5f49d5f8ea6f5da6d8-257C0-26sdata-3Dc8UVBBBSc9dugJdcbQ3u3qoyRVs-253D-252B9-252BY-253D-26reserved-3D0%2526%3DDvnMFAg%2526c%3DZuf_YucLTZOaBAapRaQkREgrMWFFBCr1_eykjn6FnIQ%2526r%3DvnOFd4Cth8tV9BBbbyV8tOLxnHH8Y1xqTuOGJzAG0I%2526s%3DJbqHBmAPGKEZp2AjQaAMA-2D6edNobnbyVvnEvJ6l2-2D6Jbl-2526v-253DKtoMqpvoPw2Ea3N-2D4cK3wdq0uOnTYMqwwhCJCMrIuU-2526c-253DZuf_AFYucLTZOaBAapRaQkREgrMWFFBCr1_eykjn6FnIQkc=ee07d64f26bfd9V9BBbbyV8tOLxnHH8Y1xqTuOGJzAG0I&se=0&s2K27d9fd3W4l3gv-kbSjSfWSq4lYpW73ysbUSG_U_Y&w=psi_ENiQnFeG2PdqhQ&ptsfo6dLdWoHnIf5bRDYYJg&wcBa=~https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttps-2553A-2F-2Fwww.twitter.com-2Fieso_tweets-2526d-253DDwMFAg-2526c-253DZuf_AFYucLTZOaBAapRaQkREgrMWFFBCr1-5FeykjnfnIQ-2526r-253DvnOFd4Cth8tV9BBbbyV8tOLxnHH8Y1xqTuOGJzAG0I-2526s-253DqHBmAPGKEZp2AjQaAMA-2D6edNobnbyVvnEvJ6l2-2D6Jbl-2526v-253DKtoMqpvoPw2Ea3N-2D4cK3wdq0uOnTYMqwwhCJCMrIuU-2526c-253DZuf_AFYucLTZOaBAapRaQkREgrMWFFBCr1_eykjn6FnIQkc%3DvnOFd4Cth8tV9BBbbyV8tOLxnHH8Y1xqTuOGJzAG0I%2526s%3DKtoMqpvoPw2Ea3N-2D4cK3wdq0uOnTYMqwwhCJCMrIuU-2526c-253DZuf_AFYucLTZOaBAapRaQkREgrMWFFBCr1_eykjn6FnIQkc%3DvnOFd4Cth8tV9BBbbyV8tOLxnHH8Y1xqTuOGJzAG0I%2526s%3DJb

From: Victor Buza
To: John Kim
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Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 12:06:20 PM

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Marinello' <Anthony.Marinello@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

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Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
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No, there isn't a 'the'.

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Victor Buza | Senior Counsel
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Web: https://urldefense.proofpoint.com/v2/url?u=https-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-2D01-2577C01-2577C.victor.buza-2540ieso.ca-2577C.bdbd8491f98bda49cd8bd208bf51ea96b0-2577C7c05a6d63f24fc5898bd3bea45bda88-2577C9-26data-3DMMX&d&rWwG21WfMPIDIdZUzAkmbrhoWIUsMhSLdjqE-253D-26reserved-3D0-5Bless.ca-5D-5Bau01.safelinks.protection.outlook.com-5Fdld-6Fwlf-6Fqdkc-6Fq_YucLTZOuRAqoRaQkKEpMWFFHCr1_eykjn9FuQKp-6Fq_YucLTZOuRAqoRaQkKEpMWFFHCr1_eykjn9FuQKp-6Fq-5FYucLTZOuRAqoRaQkKEpMWFFHCr1-5Feykjn9FuQ-2526-2526-2526

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Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Monday, October 30, 2017 11:51:41 AM

Great, thanks Tom.

Anthony, we will wait for your outreach to the OFA to be done and start the signing when you're ready.

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Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Boll; Gavin He
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Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
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To: 'Victor Buza' <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Anthony Martinello <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; Michael Boll <Michael.Boll@ieso.ca<mailto:Michael.Boll@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca<mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

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Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>
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Victor Buza | Senior Counsel
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Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Boll; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

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Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-6996

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Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Monday, October 30, 2017 11:13:36 AM

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Hi all,

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Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

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Ok, thanks Tom.

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To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
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From:	John Kim
To:	Lisa Stein; Sarah Harris
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx
Date:	Wednesday, November 01, 2017 12:23:11 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v6.docx

Latest version….getting this signed.

From: John Kim
Sent: Wednesday, November 01, 2017 12:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx

Hope this works….

From: John Kim
Sent: Wednesday, November 01, 2017 12:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx

Hi Lisa, Sarah,

Would you know how to include page numbers and names of the recipients up to each subsequent pages?

If you have a sample, I can do it myself.

Thanks,

John

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

November , 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

... 2

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

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    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

... 3

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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November , 2017

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Assistant Deputy Minister, Ministry of Energy
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c. Gadi Mayman, Chief Executive Officer, OFA

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Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From:	John Kim
To:	"Victor Buza"; Tom McKinlay (MAG)
Cc:	Lisa Stein; "Anthony Martinello"; "Michael Boll"; Gavin He
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Wednesday, October 25, 2017 2:48:18 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v3Clean.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph – please amend this para to read as follows:

> For further certainty, the OFA and ENERGY acknowledge and agree that the

intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Boll; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

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

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Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
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(416) 325-8000

October 25, 2017

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Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

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by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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October 25, 2017

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title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From:	John Kim
To:	Lisa Stein; Gavin He
Cc:	Sarah Neville; Sarah Harris; William Tan
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 251.docx
Date:	Wednesday, October 25, 2017 1:55:51 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v3.docx

Here you go. Sorry about that.

Pls. let us know if all OK and we will circulate to IESO and Energy.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 251.docx

Hi,

There was a version control issue. We will resend.

Thanks,

John

From: Lisa Stein
Sent: Wednesday, October 25, 2017 12:46 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 251.docx

Hi Gavin,

I've made a few tweaks to the letter; black-lined version attached. If you have no further questions, I don't need to review again.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

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October 25, 2017

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Commented [ESP1]: Defer to Corporate?

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    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

~~**Ontario Financing Authority**~~

~~by:_____~~

~~name: Ronald Kwan~~

~~title: Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA~~

~~c. Gadi Mayman, Chief Executive Officer, OFA~~

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

October 25, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The ~~OFA,~~ IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledge~~s and confirm~~ that at this time there are no amounts appropriated by the Legislature for payment to the IESO ~~[Energy to confirm]~~ by ENERGY and the intent of such intercept~~-~~ provision is that it would~~-~~ apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Commented [ESP1]: Defer to Corporate?

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

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c. Gadi Mayman, Chief Executive Officer, OFA

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~~title: Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA~~

~~c. Gadi Mayman, Chief Executive Officer, OFA~~

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

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From:	Gavin He
To:	Lisa Stein
Cc:	John Kim; Sarah Neville; Sarah Harris; William Tan
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Wednesday, October 25, 2017 11:03:00 AM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25.docx

Hi Lisa,

We have put the letter in a letter agreement format as you suggested below. Could you please take a look and let us know if this is the right format?

Thanks,
Gavin He

From: Lisa Stein
Sent: Wednesday, October 25, 2017 9:35 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Please send me a final draft for review

From: Lisa Stein
Sent: Wednesday, October 25, 2017 9:34 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

You just need to add letter head and signature titles and lines

---

From: John Kim
Sent: Wednesday, October 25, 2017 9:31 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Lisa.

Could you help us put this in a letter agreement format, with signing lines, etc? We can do the letter head, etc.

From: Lisa Stein
Sent: Wednesday, October 25, 2017 9:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

I am fine with #1 below. In any event, as previously discussed, OCCSDC is an agent of MOECC, not Energy.

From: John Kim
Sent: Tuesday, October 24, 2017 5:42 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We can push back saying – we are already saying payments that are not appropriations of Energy is already ruled out. But then there is a risk of delay. If we are specifically ruling out this Ontario Climate Change solutions Deployment Corp. that is a known exemption, is it a problem to include?

From: John Kim
Sent: Tuesday, October 24, 2017 5:25 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Lisa,

Are we able to work with the #1 below?

Thanks,

John

From: Victor Buza [mailto:Victor.Buza@ieso.ca]

Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Boll <Michael.Boll@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph – please amend this para to read as follows:

> For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Boll; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

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

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Ontario Financing Authority
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Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

October 25, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's (IESO) request to the Ontario Financing Authority (OFA) for a new revolving credit facility in an amount of up to $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

For further certainty, the OFA and the Ministry of Energy ("ENERGY") acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.
These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

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Ontario Financing Authority

by:_____

name: Ronald Kwan

title: Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

Ministry of Energy

by:_____

name: Steen Hume

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October 25, 2017

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Assistant Deputy Minister, Ministry of Energy
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title: Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From:	John Kim
To:	Lisa Stein
Cc:	Sarah Neville; Sarah Harris; William Tan; Gavin He; Anna Strathy
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date:	Tuesday, October 24, 2017 4:05:09 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v4.docx

Hi,

I have a push back from Ron on this and he does have a point. I put his edits back. It has to do with OFA having no ability to confirm the fact unless we want to do that separately.

I will share with IESO and Energy the version as the latest.

Copying Anna on this email as it should be reviewed by Gadi as well.

Thanks,

John

From: Lisa Stein
Sent: Tuesday, October 24, 2017 2:31 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Edits as requested. I've removed Ron's edits as well.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

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Commented [ESP1]: Defer to Corporate?

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These terms and conditions shall also apply to the IESO's existing [$975 million] credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

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DRAFT

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- Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

- ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

- For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY ~~or through any other agencies, bodies or other means~~.

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DRAFT

From:	Anna Strathy
To:	John Kim; Lisa Stein
Cc:	Sarah Neville; Sarah Harris
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx
Date:	Tuesday, September 26, 2017 9:26:10 AM

That's great. Thanks John.

From: John Kim
Sent: Monday, September 25, 2017 4:37 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

Hi Anna,

Heard back from Tom McKinlay at Energy Legal. It was an email issue as he is now back at MAG but still working on FHP for Energy. I touched base with him on the phone and he will circle back with his clients, as well as IESO counterparts.

Sounded like he sees it as the cleanest path forward. So fingers crossed.

Thanks,

John

From: Anna Strathy
Sent: Monday, September 25, 2017 11:50 AM
To: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

Thanks John. Gadi is in NYC until Wednesday. Happy for Ron to escalate this to get the ball rolling. If you could let me know where things stand at the end of today, I'll include an update in my end of day email to Gadi.

Thanks, Anna

From: John Kim
Sent: Monday, September 25, 2017 11:43 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

Hi Anna,

No update so far which isn't surprising. I think a bit of escalating might be helpful so I will chat with Ron today. You may want to give Gadi an update as well.

At least on the phone, IESO staff were receptive.

John

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Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

Hi John, Lisa,

Any update on this letter? Has IESO reviewed?

Thanks, Anna

From: Sarah Neville
Sent: Friday, September 22, 2017 5:00 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

Hi All – As far as I am aware there were no developments on this today. I will be out of the office on Monday (back Tuesday), but Lisa will be back on Monday to handle this for Legal (although working from home so please reach her through email or messenger).

Have a good weekend everyone.

Sarah

From: Sarah Harris
Sent: Thursday, September 21, 2017 4:02 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup3.docx

I'm fine with it too. I will also be working from home tomorrow. It must that kind of Friday.

John – would you kindly send draft directly to Anthony (and Victor?) for their consideration?

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From: Sarah Neville
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Sounds good to me. I will be online all day but working from home. Hope all is well with your family.

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Hi Sarah and Sarah,

Unfortunately, we haven't heard back from Energy Legal thus far. My suggestion, if OK with you, is that we share the draft with IESO staff as well.

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From:	John Kim
To:	Lisa Stein; Sarah Harris
Subject:	RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx
Date:	Wednesday, November 01, 2017 12:17:52 PM
Attachments:	Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v5.docx

Hope this works….

From: John Kim
Sent: Wednesday, November 01, 2017 12:10 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Intercept letter agreement IESO MOE OFA Sept 2017-rev_Markup4Clean_EnergyEdits_OFA IESO Edits Oct 25_v4.docx

Hi Lisa, Sarah,

Would you know how to include page numbers and names of the recipients up to each subsequent pages?

If you have a sample, I can do it myself.

Thanks,

John

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

(416) 325-8000

November , 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

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Sincerely,

_____

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:_____

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:_____

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

Ontario Financing Authority
1 Dundas Street West
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Office ontarien de financement
1 rue Dundas ouest
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(416) 325-8000

November , 2017

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title: Assistant Deputy Minister, Ministry of Energy

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title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From: [John Kim]
To: [Tom McKinley (MAG)]; [Victor Buza]
Cc: [Lisa Stein]; [Adriana MacNeil]; [Michael Bull]; [Gavin He]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyMin_OFA IESO Edits Oct 24_v3.docx
Date: Wednesday, November 01, 2017 12:51:59 PM

Hi Tom,

I'm getting the letter signed in a few minutes. So ETA is this afternoon.

Also, Ron pointed out that this agreement could be executed in part which I understand to mean separately so will fire that off to both Energy and IESO.

John

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To: John Kim <John.Kim@ofina.on.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull' <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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Twitter: IESO_Tweets|twitter.com|[na01.safelinks.protection.outlook.com]<https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Fu%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttps-2D3A-5F-5Fwww.twitter.com-5Fieso-2D5Ftweets-252Bd-252DDvMFAg-252Bc-252DgG-5FYaLTZOaBAapRaQkKEgrMWFFHCr1-5Fe4ykjt6FtQ-2526-252Dtweets%2Bd%2DDvMFAg%2Bc%2DgG_YucLTZOaBAapRaQkKEgrMWFFHCr1_e4ykjt6FtQ%26%3Dtweets%2Bd%2DDvMFAg%2Bc%2DgG_YucLTZOaBAapRaQkKEgrMWFFHCr1_e4ykjt6FtQ%26%3DtweetCICMJtdv1-252Bc-252Dv2dtv1cf5ec64b7e7e9a0bf51ff20100-257C7c055dbd83f243c5f49bd3bea458adb8-257C0-26data-3DvdUVBBHcMvqhAfCbAjrnjkYo-252B1-252B5-252BIBYC1.1fpNYLrsAM-252D-26reserved-3D%26d%3DDwMFAg%26c%3DgG_YucLTZOaBAapRaQkKEgrMWFFHCr1_e4ykjt6FtQ%26r%3DKxuQ9mw4hu2Ihh YHkaTc5z5iiL7b_jh_a6dFl1AIfhP2s%26m%3DKkxqcaE3s_2aUs5fKSEAv0mmvAdAXBGZ6CHSxuwfDD4%26s%3Dkmv-01%7C7C01%7Cvictor.buza%40ieso.ca%7C7cdbdb49198da49cd8b4208d51ae06b0%7C7cf55dbd83f243c5f49bd3bea458adb8%7C0%26sdata=pLpaLOobxpBCr523DH11HH3DBEJO06CvpM6%2BgRtU78P%3D&reserved=0>
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3D%26d%3DDwMFAg%26c%3DgG_YucLTZOaBAapRaQkKEgrMWFFHCr1_e4ykjt6FtQ%26r%3DvvtT4bGbAbHVBHBbfpYKULvtsHF3cZbAk0F0%26m%3DKkxqcaE3hbVHBcMvqhAfCbAjrnjkYo-252B1-252B5-252BIBYC1.1fpNYLrsAM-252

From: [redacted]; [redacted]
To: [redacted]; [redacted]
Cc: [redacted]; [redacted]; [redacted]; [redacted]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Wednesday, November 01, 2017 12:03:54 PM

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1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furl9e4lense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-26data-3D01-257C01-257Cvictor.buza-2540ieso.ca-257Cfabdb4f1968da4fcd8bd208d51fae96b0-257C7cf55abd63f243c5f84bd3bea458add8%7C3&reserved-3D0-5Bieso.ca-5D-5Bua01.safelinks.protection.outlook.com-5F%2Fo%3FD0cQrAgSz26cXDqL_YucLTZOuBAzqRaQkKEgvMWFFHCr1_eykjo0FtiQ%26%3Dvo974f4GbtbfVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft%26e%3Dda2fd27a86f9641fgv-kbQjSWSq6VpWTyuWU3G_1-_V%26s%3Dpz_ENQpfwG2P4qtQXqotL4Lzbvz8xtfDkRJVY3gOvw%26u%3Dutm-3Fsource-3D1%7C1%7Cvictor.buza%40ieso.ca%7Cca-5Fde1985d4df3308df5280956f57%7C7cf55abd63f243c5f84bd3bea458add8%7C0&data=%2FTgHuU4ZS2RhwW1WYuK4kBEvTDGSlD5SRzIqH1UfdQ%3D&reserved=0>
<https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furl9e4lense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furl9e4lense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D1A-5F-5Fwww.ieso.ca-5F-252Fdd-252DDwMF4g-2526c-253DgG-5FYucLTZOuBAzqRaQkKEgvMWFFHCr1-5FeykjoF0iQ-2526r-253DwoY4bEhtbVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft-2526d-253DDwMF4g-2526s-253DgG-5FYucLTZOuBAzqRaQkKEgvMWFFHCr1-5FeykjoF0iQ-2526v-253Dwo974f4GbtbfVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft%26e%3Dda2fd27a86f9641fgv-kbQjSWSq6VpWTyuWU3G_1-_V%26s%3Dpz_ENQpfwG2P4qtQXqotL4Lzbvz8xtfDkRJVY3gOvw%26u%3Dutm-3Fsource-3D1%7C1%7Cvictor.buza%40ieso.ca%7Cca-5Fde1985d4df3308df5280956f57%7C7cf55abd63f243c5f84bd3bea458add8%7C0&data=%2FTgHuU4ZS2RhwW1WYuK4kBEvTDGSlD5SRzIqH1UfdQ%3D&reserved=0>
Twitter: IESO_Tweets|twitter.com|na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furl9e4lense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furl9e4lense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D1A-5F-5Fwww.twitter.com-5Fieso-2D5Ftweets-252Fdd-252DDwMF4g-2526c-253DgG-5FYucLTZOuBAzqRaQkKEgvMWFFHCr1-5FeykjoF0iQ-2526r-253DwoY4bEhtbVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft-2526d-253DDwMF4g-2526s-253DgG-5FYucLTZOuBAzqRaQkKEgvMWFFHCr1-5FeykjoF0iQ-2526v-253Dwo974f4GbtbfVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft%26e%3Dda2fd27a86f9641fgv-kbQjSWSq6VpWTyuWU3G_1-_V%26s%3Dpz_ENQpfwG2P4qtQXqotL4Lzbvz8xtfDkRJVY3gOvw%26u%3Dutm-3Fsource-3D1%7C1%7Cvictor.buza%40ieso.ca%7Cca-5Fde1985d4df3308df5280956f57%7C7cf55abd63f243c5f84bd3bea458add8%7C0&data=%2FTgHuU4ZS2RhwW1WYuK4kBEvTDGSlD5SRzIqH1UfdQ%3D&reserved=0>
| LinkedIn: IESO|linkedin.com/[mail1.safelinks.protection.outlook.com]/?https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furl9e4lense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furl9e4lense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D1A-5F-5Fwww.linkedin.com-5Fcompany-5Fieso-252Fdd-253DDwMF4g-2526c-253DgG-5FYucLTZOuBAzqRaQkKEgvMWFFHCr1-5FeykjoF0iQ-2526r-253DwoY4bEhtbVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft-2526d-253DDwMF4g-2526s-253DgG-5FYucLTZOuBAzqRaQkKEgvMWFFHCr1-5FeykjoF0iQ-2526v-253Dwo974f4GbtbfVBBBdpVRGfLeoH4FYuq7uOCfcAk0Ft%26e%3Dda2fd27a86f9641fgv-kbQjSWSq6VpWTyuWU3G_1-_V%26s%3Dpz_ENQpfwG2P4qtQXqotL4Lzbvz8xtfDkRJVY3gOvw%26u%3Dutm-3Fsource-3D1%7C1%7Cvictor.buza%40ieso.ca%7Cca-5Fde1985d4df3308df5280956f57%7C7cf55abd63f243c5f84bd3bea458add8%7C0&data=%2FTgHuU4ZS2RhwW1WYuK4kBEvTDGSlD5SRzIqH1UfdQ%3D&reserved=0>

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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:31 PM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-4996

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From: [redacted]
To: [redacted]
Cc: [redacted], [redacted], [redacted]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 2:37:29 PM

Hi John,

I will give you a call.

Sarah

-----Original Message-----
From: Lisa Stein
Sent: Tuesday, October 31, 2017 2:00 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

The new FHP credit facility agreement will be executed and effective prior to AA#10. AA#10 will be effective November 22, 2017 (to allow it to be executed at the same time as the other agreements). I have had discussions about this matter with Sarah and Will, so I will defer to them to explain the operational details.

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Lisa,

I don't know how that works out logistically. These guys are going to run out of room in the November draw (i.e. not able to digest the November amount). If we need to bring down the existing first before the FHP one, then we are caught short based on the anticipated November draw….what are your thoughts then?

The existing one is already 800M+ drawn, how would we put the balance somewhere to draw it down then set up the new one? I could be missing something so pls. let me know.

John

-----Original Message-----
From: Lisa Stein
Sent: Tuesday, October 31, 2017 1:55 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No - the amount of the existing facility needs to be reduced first.

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:54 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Why November 22?

Wouldn't it be effective right away?

-----Original Message-----
From: Lisa Stein
Sent: Tuesday, October 31, 2017 1:53 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John,

Just so that everyone is on the same page, Amending Agreement number 10 was sent to IESO for review this morning. It has an effective date of November 22, 2017.

Thank you,

Lisa

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:49 PM
To: Victor Buza <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 12:57 PM
To: Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bolf; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bolf; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bolf; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.
Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:30 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bolf; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf' <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf' <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); 'Anthony Martinello'; 'Michael Bolf'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bolf' <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bolf <Michael.Bolf@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Fu%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C3abdfd0195b8ef0cd9b4209bf51fae90b0-257C7cd55abdd3f2d3c589fdd3fead5fabdd8-257C0-2Fdata-3D0MXkdRcWwG1fWIMPHDkD2Uzk4mbrbzuW6UxMbSLdIgE-253D-26reserved-3D0-5Bieso.ca-5D-5Bna01.safelinks.protection.outlook.com-2F-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Fu-253Fu-3D-2526d-3D2-26c-3D1-26r-3DAAAAAA-2526p-3D84ee7159ca3347a6bb6f9e1d0b7062a4-2526r-3DVA1TZOalRAapRaQkKEgcMWFT8IG1-2Dyk-2Dfq-2DJ-2DtwPbRbtYvuSaSLCfx_jh_-26h-3D1-26t-3D1-26c-3DAAAAAA-26sc-3D1-26x-3DAAAAAA-26s-3DAAAAAA-26e-3DAAAAAA-26a-3DAAAAAA-26u-3D-26z-3DAAAAAA-26b-3DAAAAAA-26q-3DAAAAAA-26v-3DAAAAAA-26y-3DAAAAAA-26w-3DAAAAAA-26l-3DAAAAAA-26m-3DAAAAAA-26n-3DAAAAAA-26o-3DAAAAAA-26f-3DAAAAAA-26g-3DAAAAAA-26h-3DAAAAAA-26i-3DAAAAAA-26j-3DAAAAAA-26k-3DAAAAAA-26p-3DAAAAAA-26d

3D0%26d%3DDwMFAg%26c%3DqC_YucLTZOuBAapRaQkkEgeMWFFHlCr1_eykjo0FuQ%26r%3DvotY4t4GbfhfVWBHbfpVR6JLroI4HFYxq7uOGJcAG0%26m%3DKtxaflQ6nwi8m21hhYHkaTc5oSIzL17s_jb_u6kF1AEbJ%26s%3DB6XMvv5vi8uH5SaeU8tkCJE_j9SZBs1gLfdG13AO0mOx%26u8kdata=01%7C01%7Cvictor.huza%40ieso.ca%7Cfabdb8491f0bda49cd0b4208fd51dae06b0%7C7cd55abd63f243c5bf4bd3bea45fabdf8%7C0&sdata=RISbXGLaXV8cK%2Bfe6BFOa8KoNQ1VGZCKSIRc%2ByoKNMI4%3D&reserved=0>
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From: [Lisa Stein]
To: [John Kim]
Cc: [William Tan](mailto:), [Sarah Harris](mailto:), [Gavin He]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyAbits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 2:30:14 PM

The new FIIP credit facility agreement will be executed and effective prior to AA#10. AA#10 will be effective November 22, 2017 (to allow it to be executed at the same time as the other agreements). I have had discussions about this matter with Sarah and Will, so I will defer to them to explain the operational details.

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Lisa,

I don't know how that works out logistically. These guys are going to run out of room in the November draw (i.e. not able to digest the November amount). If we need to bring down the existing first before the FHP one, then we are caught short based on the anticipated November draw….what are your thoughts then?

The existing one is already 800M+ drawn, how would we put the balance somewhere to draw it down then set up the new one? I could be missing something so pls. let me know.

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Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No - the amount of the existing facility needs to be reduced first.

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From: John Kim
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Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Why November 22?

Wouldn't it be effective right away?

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Hi John,

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Thank you,

Lisa

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From: John Kim
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To: Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
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Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

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Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

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Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bull; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

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To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bull; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

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Tom, just wondering how things are on your side.

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(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.
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From: John Kim [mailto:John.Kim@ofina.on.ca]
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Cc: Lisa Stein; Anthony Martinello; Michael Bull; Gavin He
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Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello' <Anthony.Martinello@ieso.ca>; Michael Bull' <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello' <Anthony.Martinello@ieso.ca>; Michael Bull' <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); 'Anthony Martinello'; Michael Bull'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Fur%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C0abd8491f08dcf0cff8c0208d51ae98b0-257C7c055abd03f24fc5f84bf38ea458add8%257C0-26data-3DMX6dRrWwG21WfMPIDkIZUuAkmbrbzuW6Uxh8U1Ajlqjf--253D-26reserved-3D0-5Bieso.ca-5D-5Bua01.safelinks.protection.outlook.com-2F%3Furl%3Dhttp%253A%252F%252Furldefense.proofpoint.com%252Fv2%252Fur%253Fu%253Dhttp-2DA__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Fur-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-2526d-253DDwMFAg-2526c-253DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ-2526v-253DDrnf746fGhbfVf9BBhBpVR6JLesI4HFYxq7uOGcIsA6l0-2526m-253DbqMtbnAPGKEZp2AQfJaAMA-2D8ad9ebnbsVvuh1z0-2DkJM-2526s-253D0bMqnvaFwZ0z5N-2D4eK3cwjtqbtOu3TWdpwdnCSCMJHxU-2526t-253Dv3tdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ce0ca1d35ec64fe3c7e9a0bf51f920100-257C7c055abd03f24fc5f84bf38ea458add8-257C0-26data-3DvdUVBHHcMuglAh3AAyuyk%3D-26reserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ-2526r-253DRYCL1JpNYLrwAM-2526i-253Dreserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ%26r%3Dreserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ%26v%3Dreserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ%26v%3DDrnf746fGhbfVf9BBhBpVR6JLesI4HFYxq7uOGcIsA6l0-2526m-253DbqMtbnAPGKEZp2AQfJaAMA-2D8ad9ebnbsVvuh1z0-2DkJM-2526s-253D0bMqnvaFwZ0z5N-2D4eK3cwjtqbtOu3TWdpwdnCSCMJHxU-2526t-253Dv3tdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ce0ca1d35ec64fe3c7e9a0bf51f920100-257C7c055abd03f24fc5f84bf38ea458add8-257C0-26data-3DvdUVBHHcMuglAh3AAyuyk%3D-26reserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ-2526r-253DRYCL1JpNYLrwAM-2526i-253Dreserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ%26r%3Dreserved-3D0%26d%3DDwMFAg%26c%3DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvykjs0FtQ-2526v-253DDrnf746fGhbfVf9BBhBpVR6JLesI4HFYxq7uOGcIsA6l0-2526m-253DbqMtbnAPGKEZp2AQfJaAMA-2D8ad9ebnbsVvuh1z0-2DkJM-2526s-253D0bMqnvaFwZ0z5N-2D4eK3cwjtqbtOu3TWdpwdnCSCMJHxU-2526t-253Dv3tdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257C2ce0ca1d35ec64fe3c7e9a0bf51f920100-257C7c055abd03f24fc5f84bf38ea458add8-257C0-26data-3DvdUVBHHcMuglAh3AAyuyk%3D-26re

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-0996

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This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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To: [Lisa Stein]
Cc: [William Tan] [Sarah Harris] [Gavin He]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyMins_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 1:38:16 PM

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The existing one is already 800M+ drawn, how would we put the balance somewhere to draw it down then set up the new one? I could be missing something so pls. let me know.

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello' <Anthony.Martinello@ieso.ca>; Michael Bull' <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Victor Buzz' <Victor.Buzz@ieso.ca>; Victor Buzz' <Victor.Buzz@ieso.ca>>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello' <Anthony.Martinello@ieso.ca>; Michael Bull' <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: Victor Buzz'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello'; Michael Bull'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: Victor Buzz' <Victor.Buzz@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buzz [mailto:Victor.Buzz@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bull <Michael.Bull@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buzz | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: http://safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-2D57C91-2D57C&data=02%7C01%7Cvictor.buza%40ieso.ca%7C2ae3e5fc1f0042dd1f308d5d95797%7Cd5a8d03f243c5f88d3bea5fdad8f%7C1&sdata=%2F3gHuU3f%2FRtwWYWYaK4hBEvTDGIlDJSRzIqH1UdfQ%3D&reserved=0>
<https://ca01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-252Fdata-252FD01-2D57C91-2D57C&data=02%7C01%7Cvictor.buza%40ieso.ca%7C2ae3e5fc1f0042dd1f308d5d95797%7Cd5a8d03f243c5f88d3bea5fdad8f%7C1&sdata=%2F3gHuU3f%2FRtwWYWYaK4hBEvTDGIlDJSRzIqH1UdfQ%3D&reserved=0>
2D6&sdata=pLpuLOnBxqBG523HB1UH3ZBEJOMcvp6M%2Bg8zUT8%3D&reserved=0>
Twitter: IESO_Tweets|twitter.com|ca01.safelinks.protection.outlook.com|?https://ca01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.twitter.com-2Fieso-2D5Ftweets-252Fdata-252FD0Dv9dFaAcY-252D-3Reserved-
<https://ca01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-252Fdata-252FD01-2D57C91-2D57C&data=02%7C01%7Cvictor.buza%40ieso.ca%7C2ae3e5fc1f0042dd1f308d5d95797%7Cd5a8d03f243c5f88d3bea5fdad8f%7C1&sdata=%2F3gHuU3f%2FRtwWYWYaK4hBEvTDGIlDJSRzIqH1UdfQ%3D&reserved=0>
2D6&sdata=pLpuLOnBxqBG523HB1UH3ZBEJOMcvp6M%2Bg8zUT8%3D&reserved=0>
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| LinkedIn: IESO|linkedin.com|ca01.safelinks.protection.outlook.com|?https://ca01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.linkedin.com-5Fcompany-5Fieso-252Fdata-252FD0Dv-MFAg-252Fc-253Dqc-5FYucLTZOaBAapRaQkkEqpMWFFRFC1-5Feykjo9FsQ-252Fr-
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| LinkedIn: IESO|linkedin.com|ca01.safelinks.protection.outlook.com|?https://ca01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.linkedin.com-5Fcompany-5Fieso-252Fdata-252FD0Dv-MFAg-252Fc-253Dqc-5FYucLTZOaBAapRaQkkEqpMWFFRFC1-5Feykjo9FsQ-252Fr-
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From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 24, 2017 4:11 PM
To: Tom McKinlay (MAG); Victor Buzz
Cc: Lisa Stein; Anthony Martinello; Michael Bull; Gavin He
Subject: FW: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom, Victor,

I don't yet have final go ahead but we are close so sharing the latest version. Pls. advise if any issue with the attached. Copying Michael at Tom's request.

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-0996

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From: [redacted]
To: [redacted]
Cc: [redacted]; [redacted]; [redacted]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx
Date: Tuesday, October 31, 2017 3:36:19 PM

No– the amount of the existing facility needs to be reduced first.

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:54 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Why November 22?

Wouldn't it be effective right away?

-----Original Message-----
From: Lisa Stein
Sent: Tuesday, October 31, 2017 1:53 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John,

Just so that everyone is on the same page, Amending Agreement number 10 was sent to IESO for review this morning. It has an effective date of November 22, 2017.

Thank you,

Lisa

-----Original Message-----
From: John Kim
Sent: Tuesday, October 31, 2017 1:49 PM
To: Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:40 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: Tuesday, October 31, 2017 12:57 PM
To: Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter – I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.
Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:30 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Lisa Stein; Anthony Martinello; Michael Bell; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

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Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Victor Buza' <Victor.Buza@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: Victor Buza'; McKinlay, Tom (MAG)
Cc: Stein, Lisa (OFA); 'Anthony Martinello'; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Pls. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; [redacted]
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; [redacted]; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

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From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
120 Adelaide Street West, Toronto, ON M5H 1T1

Web: https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-257C01-257Cvictor.buza-2540ieso.ca-257Cbdbdf8199bdbcf0cd0b4208d51fae06b0-257C7c5f5abd03f243c589fed38ea458add8%7C0&data=%7Cf5abd03f243c589fed38ea458add8%7C0&data=%7Cf5abd03f243c589fed38ea458add8%7C0&data=%7Cf

From: [redacted] [redacted]
To: [redacted] [redacted]
Cc: [redacted] [redacted] [redacted] [redacted]
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyBills_OFA IESO Edits Oct 24_v3.docx
Date: Wednesday, November 01, 2017 1:31:53 PM

So confirmed.

-----Original Message-----
From: John Kim [mailto:John.Kim@ieso.ca]
Sent: November 1, 2017 1:11 PM
To: McKinlay, Tom (MAG); 'Victor Buza'
Cc: Sosa, Lisa (OFA); 'Anthony Martinello'; 'Michael Bell'; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Ph. see attached.

Tom, victor, pls. confirm your addresses.

Thanks,

John

-----Original Message-----
From: John Kim
Sent: Wednesday, November 01, 2017 12:02 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Tom,

I'm getting the letter signed in a few minutes. So ETA is this afternoon.

Also, Ron pointed out that this agreement could be executed in part which I understand to mean separately so will fire that off to both Energy and IESO.

John

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, November 01, 2017 11:59 AM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

John,

Coming out of this morning's ratе mitigation meeting, I understand that the draft is final and that we are supposed to be getting an execution copy for Sneen to sign sometime shortly? I have been asked to inquire as to what the ETA for that might be?

Thanks!
Tom.

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 1:49 PM
To: 'Victor Buza'
Cc: Sosin, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA); McKinlay, Tom (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.

Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 1:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
Victor

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 31, 2017 12:57 PM
To: Victor Buza
Cc: Lisa Sosin; Anthony Martinello; Michael Bell; Gavin He; Tom McKinlay (MAG)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi Victor,

While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.

John

-----Original Message-----
From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 31, 2017 12:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
Victor

-----Original Message-----
From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: October 30, 2017 11:48 AM
To: Kim, John (OFA); Victor Buza
Cc: Sosin, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.

Tom

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, October 30, 2017 11:13 AM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Sosin, Lisa (OFA); Anthony Martinello; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.

Tom, just wondering how things are on your side.

On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, October 30, 2017 11:07 AM
To: John Kim <John.Kim@ofina.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Michael Bell <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:

(i) On Friday afternoon, I sent back to OFA a markup of the draft FRP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;

(ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;

(iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understood that is expected to be available soon.
Victor

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 30, 2017 8:30 AM
To: Tom McKinlay (MAG); Victor Buza
Cc: Sosin, Lisa (OFA); Anthony Martinello; Michael Bell; Gavin He
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi all,

I am anticipating on our side being ready today to get the signature.

Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:23 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Ok, thanks Tom.

I do anticipate some additional discussion on our side as well between Ron and Gadi.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Wednesday, October 25, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>; 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; 'Michael Bell' <Michael.Bell@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

No, there isn't a 'the'.

I'll send this version up and let you know if we have any concerns.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 25, 2017 2:48 PM
To: 'Victor Buza'; McKinlay, Tom (MAG)
Cc: Sosin, Lisa (OFA); 'Anthony Martinello'; Michael Bell; He, Gavin (OFA)
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi,

Ph. have a look at the latest and let us know if you have any comments.

Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?

Could we all have a final look and consult in respective shops?

Thanks,

John

From: John Kim
Sent: Wednesday, October 25, 2017 10:25 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; mailto:Tom.McKinlay@ontario.ca>>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; mailto:Lisa.Sosin@ofina.on.ca>>; Anthony Martinello <Anthony.Martinello@ieso.ca>; mailto:Anthony.Martinello@ieso.ca>>; Michael Bell <Michael.Bell@ieso.ca>; mailto:Michael.Bell@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca>; mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Thanks Victor.

We anticipate circulating a version with the formatting today.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 24, 2017 5:18 PM
To: John Kim <John.Kim@ofina.on.ca>; mailto:John.Kim@ofina.on.ca>>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; mailto:Tom.McKinlay@ontario.ca>>
Cc: Lisa Sosin <Lisa.Sosin@ofina.on.ca>; mailto:Lisa.Sosin@ofina.on.ca>>; Anthony Martinello <Anthony.Martinello@ieso.ca>; mailto:Anthony.Martinello@ieso.ca>>; Michael Bell <Michael.Bell@ieso.ca>; mailto:Michael.Bell@ieso.ca>>; Gavin He <Gavin.He@ofina.on.ca>; mailto:Gavin.He@ofina.on.ca>>
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupAClean_EnergyEdits_OFA IESO Edits Oct 24_v3.docx

Hi John.

1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:

For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.

3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Web: https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dwww.ieso.ca-2Fdata-3D01-257C01-257C.victor.buza-2540ieso.ca-257Cfabdb8f109bdcffc8fbd209bf51ae98b0-257C7c05a8c8f2f243c5f69bd38ea458add8%7C8cdaa-3D0MXkBcWwG21WfMPIDkIZUvAknrbrtuW6Uxh8r5Lz0qE-253D-26reserved-3D6-5Bieso.ca-5D-5Bna01.safelinks.protection.outlook.com-2F%3Furl%3Dhttps%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttp-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttp-253A-252F-252Furldefense.proofpoint.com-2Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-252Fdc2-25DDOwMFAg-252Dc-253DgC-5FYucLTZfJaBAapRaQkKEgrMWFFHCr1-5Fvkjx0iFtQ-2526e-253DDrnf74f4GhtfvPBHbpVR6ILxnl4HFYxq7uOGcJeA6D-2526ot-253DpqMtmAPGKEZp2AQfJqaAMA-2DbaiNnhnhVmUxH1-2526d-253DRnBqmFwFa5ttJN-2D4cKJbcqbtfn3xiTYMqwoICSCMJHuU-2526t-253D-26data-3D01-257C01-257C.victor.buza-2540ieso.ca-257Cfabdb8f109bdcffc8fbd209bf51ae98b0-257C7c05a8c8f2f243c5f69bd38ea458add8-257C8cdaa-3DvBUVBBHcMuglAh3AAyuyX-Yo-2526l-2526S-2526BYCL1IpNYLrxAM-2526D-26reserved-3D9%2626USIDwMFAg%2526cSXDgC_YucLTZfJaBAapRaQkKEgrMWFFHCr1_eykjx0iFtQ%2526v%3DwnY646GhtfvPBHbpVR6ILxnl4HFYxq7uOGcJeA6D%2526e%3DIKxuQImv4hxzIbhYHuTc5c5DxLI7s_ih_z6kFI1AEhPs26x%3DAlqcaE3s_2uUxfJKSEAcbmmvA4AJBGGBU9Eiou5fDD82%26eBaIeu=01%7C01%7C.victor.buza%40ieso.ca%7Cae5fc1f8f42d4f3308fd5f07%7C7c05a8c8f2f243c5f69bd38ea458add8%7C8cdaa-pLqd.OcbuqiBCr532HH1UH3IIEJOI6cvp6M5%2BgRtU70%3DReserved-0=> | Twitter: ISO_TweetyIwitter.com/IESO_Tweety|twitter.com/IESO_Tweety|twitter.com/IESO_Tweety|tw

Also for the square bracketed part [Energy to confirm], pls. advise if any issue with that part as well.

Pls. also let me know who at IESO would sign.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca<mailto:john.kim@ofina.on.ca>
Ph: 416-212-4996

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From: Ken Kandeepan
To: Lisa Stein; John Kim
Cc: Sarah Harris; William Tan; Anna Strathy; Sarah Neville
Subject: RE: Intercept provision
Date: Saturday, October 14, 2017 11:40:10 AM

Thanks, given that the Green ON Fund is outside the CRF I don't believe our intercept has any impact on the Fund's grants (if any) to the IESO. Also given that the Province has no appropriated amounts in in its estimates to IESO, either now or contemplated for the future, the existence of the intercept or its removal by the Ministerial fiat is from a practical perspective one and the same.

As such I am wondering why OPG believes this is an issue for their ratings process since subrogation to the Province arising from the intercept is limited to Provincial funds flowing to IESO which as I have pointed out above are non-existent.

Having said that OPG may be concerned that it would be difficult to explain the above to DBRS who may fail to see the distinction between an intercept aimed at these non-existent appropriation funds and something that is more general on the IESO's revenues. In which case the only option available is for the Minister to exempt this particular credit facility from the policy's intercept provisions.

Thanks and happy to discuss.

Ken K

From: Lisa Stein
Sent: Thursday, October 12, 2017 3:31 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Intercept provision

Hi John,

If I understand your question correctly, the answer is that the Ministry of Environment and Climate Change (MOECCC) is not required to be a party to the FHP credit facility intercept MOU/letter agreement. The letter agreement is intended to be between the "responsible ministry" (in this case Ministry of Energy (MOE)) and the public body (in this case IESO).

The intercept would apply to money appropriated by the Legislature for "payment to the public body". Therefore, money appropriated by the Legislature for payment to a different ministry, a different public body, or to MOE (or an agency of MOE, etc.) for a program *unrelated* to the IESO, would not be caught by the intercept.

I've included an excerpt below which should be helpful in this regard. Please let me know if you would like to discuss further.

Lisa

Excerpt from OFA Lending Policy (emphasis added):

Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

From: John Kim
Sent: Thursday, October 12, 2017 3:01 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Intercept provision

Hi Sarah, Lisa,

I have a request for a legal interpretation of the OFA Lending Policy.

The OFA Lending Policy as we currently have it, does it provide for a requirement [of the MOU/the letter agreement we have drafted] other than one ministry responsible for the public body? The way I read the policy, I believe there should be one Ministry that provides oversight of the public body.

This morning, at a meeting, IESO representative raised the issue of their managing the government's implementation of Green ON Fund (?). I am presuming that the same type of arrangement applies for this program as the Energy's program, i.e. no appropriation for IESO's operation, and this is TBD but would like to know how implementation of such a program funded by another ministry would factor into what we are looking to do.

The purpose of the question is to entertain whether the MOU/the letter agreement needs to include MOECC or not. I don't think so but would appreciate your assessment.

Thanks,

John

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

From:	John Kim
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Ken Kandeepan; Anna Strathy; Sarah Neville
Subject:	RE: Intercept provision
Date:	Friday, October 13, 2017 5:58:05 PM

Thanks Lisa. We will investigate further and share information as we get them for everyone's full consideration.

John

From: Lisa Stein
Sent: Thursday, October 12, 2017 3:31 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Intercept provision

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The intercept would apply to money appropriated by the Legislature for "payment to the public body". Therefore, money appropriated by the Legislature for payment to a different ministry, a different public body, or to MOE (or an agency of MOE, etc.) for a program *unrelated* to the IESO, would not be caught by the intercept.

I've included an excerpt below which should be helpful in this regard. Please let me know if you would like to discuss further.

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Excerpt from OFA Lending Policy (emphasis added):

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Minister of Finance.

From: John Kim
Sent: Thursday, October 12, 2017 3:01 PM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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The purpose of the question is to entertain whether the MOU/the letter agreement needs to include MOECC or not. I don't think so but would appreciate your assessment.

Thanks,

John

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

From: Lisa Stein
To: John Kim
Cc: Sarah Harris; William Tan; Ken Kandeepan; Anna Strathy; Sarah Neville
Subject: RE: Intercept provision
Date: Thursday, October 12, 2017 3:30:51 PM

Hi John,

If I understand your question correctly, the answer is that the Ministry of Environment and Climate Change (MOECCC) is not required to be a party to the FHP credit facility intercept MOU/letter agreement. The letter agreement is intended to be between the "responsible ministry" (in this case Ministry of Energy (MOE)) and the public body (in this case IESO).

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From: John Kim
Sent: Thursday, October 12, 2017 3:01 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Intercept provision

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The OFA Lending Policy as we currently have it, does it provide for a requirement [of the MOU/the letter agreement we have drafted] other than one ministry responsible for the public body? The way I read the policy, I believe there should be one Ministry that provides oversight of the public body.

This morning, at a meeting, IESO representative raised the issue of their managing the government's implementation of Green ON Fund (?). I am presuming that the same type of arrangement applies for this program as the Energy's program, i.e. no appropriation for IESO's operation, and this is TBD but would like to know how implementation of such a program funded by another ministry would factor into what we are looking to do.

The purpose of the question is to entertain whether the MOU/the letter agreement needs to include MOECC or not. I don't think so but would appreciate your assessment.

Thanks,

John

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

From:	John Kim
To:	Ken Kandeepan
Cc:	Lisa Stein; Sarah Harris; William Tan; Anna Strathy; Sarah Neville
Subject:	RE: Intercept provision
Date:	Saturday, October 14, 2017 6:25:48 PM

Sorry, I was reading and typing quickly through my iphone at lunch table. My understanding is that OPG is looking for priority of payments on all funds flowing through the IESO and the new potential complication arising from the Green ON Fund money flowing through the IESO could be another form of such payments. My assessment is the same with you Ken that Green ON Fund, like the social programs funded through the IESO, would not be intercept-able. So I agree with your comments and especially the part about there being no operational funding [from the Province] flowing through to the IESO at this time on the Energy's side.

I am working on clarifying above mentioned understanding [on the MOECC side] with TBS staff.

From: John Kim
Sent: October-14-17 12:36 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Re: Intercept provision

Hi Ken,

The challenge with OPG is separate from the ieso. I will provide in detail when I get home later this afternoon.

John

Sent from my iPhone

On Oct 14, 2017, at 11:40 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Thanks, given that the Green ON Fund is outside the CRF I don't believe our intercept has any impact on the Fund's grants (if any) to the IESO. Also given that the Province has no appropriated amounts in in its estimates to IESO, either now or contemplated for the future, the existence of the intercept or its removal by the Ministerial fiat is from a practical perspective one and the same.
>
> As such I am wondering why OPG believes this is an issue for their ratings process since subrogation to the Province arising from the intercept is limited to Provincial funds flowing to IESO which as I have pointed out above are non-existent.
>
> Having said that OPG may be concerned that it would be difficult to explain the above

to DBRS who may fail to see the distinction between an intercept aimed at these non-existent appropriation funds and something that is more general on the IESO's revenues. In which case the only option available is for the Minister to exempt this particular credit facility from the policy's intercept provisions.

Thanks and happy to discuss.

Ken K

From: Lisa Stein
Sent: Thursday, October 12, 2017 3:31 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Intercept provision

Hi John,

If I understand your question correctly, the answer is that the Ministry of Environment and Climate Change (MOECCC) is not required to be a party to the FHP credit facility intercept MOU/letter agreement. The letter agreement is intended to be between the "responsible ministry" (in this case Ministry of Energy (MOE)) and the public body (in this case IESO).

The intercept would apply to money appropriated by the Legislature for "payment to the public body". Therefore, money appropriated by the Legislature for payment to a different ministry, a different public body, or to MOE (or an agency of MOE, etc.) for a program *unrelated* to the IESO, would not be caught by the intercept.

I've included an excerpt below which should be helpful in this regard. Please let me know if you would like to discuss further.

Lisa

Excerpt from OFA Lending Policy (emphasis added):

Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may

be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

From: John Kim
Sent: Thursday, October 12, 2017 3:01 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Intercept provision

Hi Sarah, Lisa,

I have a request for a legal interpretation of the OFA Lending Policy.

The OFA Lending Policy as we currently have it, does it provide for a requirement [of the MOU/the letter agreement we have drafted] other than one ministry responsible for the public body? The way I read the policy, I believe there should be one Ministry that provides oversight of the public body.

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

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject:	RE: Loan agreement question re limit on rate of interest
Date:	Friday, July 28, 2017 5:40:01 PM

Hi William. Was this decision based on legal advice? If so, who was involved?

Thank you,

Lisa

-----Original Message-----
From: William Tan
Sent: Friday, July 28, 2017 5:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: Loan agreement question re limit on rate of interest

Hi Lisa,

We no longer include this language for debt issuances and agreements. It's implied that neither party will enforce a provision that isn't legal.
I hope this helps. Have a great weekend.

Will

-----Original Message-----
From: Lisa Stein
Sent: Friday, July 28, 2017 4:49 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: FW: Loan agreement question re limit on rate of interest

Hi William,

As per the e-mails below, I'm trying to determine the rationale for removing the anti-criminal rate of interest clauses from the FHP agreement. Are you able to provide further background/insight into this matter?

Thank you,

Lisa

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:36 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Golding (MOF) <Anthony.Golding@ontario.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Loan agreement question re limit on rate of interest

Hi Lisa

Perhaps we, can discuss it next week. It may be because this particular agreement is based on an existing agreement with the OPA. Copying Toby here because he has been working on the FHP

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Lisa Stein
Sent: Friday, July 28, 2017 16:25
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Malle,

This specific question is in relation to a loan to the IESO (FHP credit facility agreement). My clients from Capital Markets are Sarah Harris, William Tan, Kelly Listoe. I had planned to ask them about the context for the previous removal of these clauses but wanted to first see if MOF had any insight. Please let me know if you would like to set up a call to discuss?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 3:24 PM
To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I'm not aware of any recent discussion on this topic, but is it in relation to specific loans that the OFA is making. Who in Capital Markets were you speaking to? Thanks.

Malle

From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
To: Stein, Lisa (OFA)
Cc: Hanslep, Malle (MOF); Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

Best,
Tony

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
Subject: Loan agreement question re limit on rate of interest

Hi Maryam and Tony,

I would like to request your opinion on the following drafting matter re: loan agreements. I have been advised by Capital Markets staff that the following language has been removed from OFA debt documentation:

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the Borrower shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

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Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Lisa Stein
To: Malle Hanslep (MOF); Anthony Golding (MOF)
Cc: Khalid, Maryam (MOF); Tobias P. Whitfield (MOF)
Subject: RE: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 4:54:51 PM

That is a good point

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:53 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Golding (MOF) <Anthony.Golding@ontario.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Loan agreement question re limit on rate of interest

Also it might quite unlikely that the OFA would be charging such a high interest rate.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Lisa Stein
Sent: Friday, July 28, 2017 16:49
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Thanks Malle. In the meantime, I've also sent an inquiry to the program area.

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:36 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Golding (MOF) <Anthony.Golding@ontario.ca>
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Hi Lisa

Perhaps we, can discuss it next week. It may be because this particular agreement is based on an existing agreement with the OPA. Copying Toby here because he has been working on the FHP

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Subject: RE: Loan agreement question re limit on rate of interest

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From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
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Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

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From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
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416-325-2320

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To: Malle Hanslep (MOF); Anthony Golding (MOF)
Cc: Khalid, Maryam (MOF); Tobias P. Whitfield (MOF)
Subject: RE: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 4:49:37 PM

Thanks Malle. In the meantime, I've also sent an inquiry to the program area.

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:36 PM
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From:	Lisa Stein
To:	Malle Hanslep (MOF); Anthony Golding (MOF)
Cc:	Khalid, Maryam (MOF)
Subject:	RE: Loan agreement question re limit on rate of interest
Date:	Friday, July 28, 2017 4:25:09 PM

Hi Malle,

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Sent: Friday, July 28, 2017 3:24 PM
To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

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Sent: July-28-17 12:05 PM
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Kelly Listoe; Jean-Francois Beaupre
Subject:	RE: Loan agreement question re limit on rate of interest
Date:	Friday, July 28, 2017 6:01:43 PM

Hi Lisa,

Jean-Francois, Kelly and I discussed this section before we removed it. I wasn't involved in negotiating those agreements. I will have to defer to JF.

-----Original Message-----
From: Lisa Stein
Sent: Friday, July 28, 2017 5:40 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 3:24 PM
To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I'm not aware of any recent discussion on this topic, but is it in relation to specific loans that the OFA is making. Who in Capital Markets were you speaking to? Thanks.

Malle

From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
To: Stein, Lisa (OFA)
Cc: Hanslep, Malle (MOF); Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

Best,
Tony

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
Subject: Loan agreement question re limit on rate of interest

Hi Maryam and Tony,

I would like to request your opinion on the following drafting matter re: loan agreements. I have been advised by Capital Markets staff that the following language has been removed from OFA debt documentation:

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the Borrower shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Sarah Neville
To: Joan Dougherty; Lisa Stein
Subject: RE: Minister"s Directive
Date: Thursday, May 11, 2017 5:29:10 PM

Thanks Joan.

From: Joan Dougherty
Sent: Thursday, May 11, 2017 5:25 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Minister's Directive

Hi ladies - Salman emailed to say that there is one coming up re the OFA lending to the IESO related to Ontario's Fair Hydro Plan/Act.

Thanks

Joan Dougherty
Ontario Financing Authority
1 Dundas Street West
12th Floor
Toronto, Ontario, M7A 1Y7
Tel: 416-325-8833
Fax2mail: 416-204-6674
Fax: 416-327-9302

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Missed conversation with William Tan
Date: Tuesday, August 15, 2017 4:06:26 PM

Hi Will,

Yes, in order to clean up the draft, please accept any IESO amendments that we are in agreement with and that do not require further discussion. Please leave in all OFA amendments and comments (except for internal discussion comments) for IESO review. Please make all additional changes as discussed and send to me for review before we send to IESO.

Thank you,

Lisa

From: William Tan [mailto:william.tan@ofina.on.ca]
Sent: Tuesday, August 15, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Missed conversation with William Tan

William Tan 3:40 PM:

Hi Lisa,

i reviewed FHP CF draft you circulated on Friday.

do you want me to accept Victors changes and make my changes and send it back to you?

or we can chat.

From: Ken Kandeepan
To: Sarah Neville
Cc: Lisa Stein
Subject: RE: OEFC meeting this AM
Date: Friday, December 15, 2017 8:45:51 AM

I feel bad that you have to phone in on you holidays, this issue is that the final versions of the OFHP documents came from OPG last night at 3 AM, Malle and Toby and most likely our external counsel are now reviewing for material changes, if there are none, then I have nothing to do, however, if there are changes we need to caucus with Gadi and figure out a response. That's why i am requesting this be rescheduled.

Sorry again and thanks

Ken k

From: Sarah Neville
Sent: Friday, December 15, 2017 8:42 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OEFC meeting this AM

Yup, I am planning to be gone until January 8! But I'll make myself available to call in on Monday if needed to move this forward.

Happy Holidays!

Sarah

From: Ken Kandeepan
Sent: Friday, December 15, 2017 8:38 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OEFC meeting this AM

I am here all of next week with the exception of Friday, so happy to reschedule when you are available, unless of course you are off all next week in which case will proceed with Lisa.

Thanks

Ken k

From: Sarah Neville
Sent: Friday, December 15, 2017 8:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OEFC meeting this AM

Hi Ken – I won't be here on Monday but Lisa can move this forward in my absence as otherwise we are running out of time to get this finalized and through all of the internal and Ministry reviews in time for the February Board meeting.

Sarah

From: Ken Kandeepan
Sent: Friday, December 15, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OEFC meeting this AM

Hi

I am really sorry to do this to you for the third time, however, if possible can we reschedule to Monday, my day is pretty free and since the Minister of Finance will be signing on the Fair Hydro documents today that issue should hopefully be put to bed EOD.

Thanks

Ken k

From: Sarah Neville
To: Ken Kandeepan
Cc: Lisa Stein
Subject: RE: OEFC meeting this AM
Date: Friday, December 15, 2017 8:42:15 AM

Yup, I am planning to be gone until January 8! But I'll make myself available to call in on Monday if needed to move this forward.

Happy Holidays!

Sarah

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Sent: Friday, December 15, 2017 8:38 AM
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Ken k

From:	Ken Kandeepan
To:	Sarah Neville
Cc:	Lisa Stein
Subject:	RE: OEFC meeting this AM
Date:	Friday, December 15, 2017 8:38:00 AM

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Ken k

From: Sarah Neville
To: Ken Kandeepan; Lisa Stein
Subject: RE: OEFC meeting this AM
Date: Friday, December 15, 2017 8:34:53 AM

Hi Ken – I won't be here on Monday but Lisa can move this forward in my absence as otherwise we are running out of time to get this finalized and through all of the internal and Ministry reviews in time for the February Board meeting.

Sarah

From: Ken Kandeepan
Sent: Friday, December 15, 2017 8:29 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OEFC meeting this AM

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Ken k

From: Sarah Neville
To: Ken Kandeepan
Cc: Lisa Stein
Subject: RE: OEFC meeting this AM
Date: Friday, December 15, 2017 8:47:48 AM

Hi Ken – completely understand, it is not a problem. We'll manage with next week.

Sarah

From: Ken Kandeepan
Sent: Friday, December 15, 2017 8:46 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OEFC meeting this AM

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OEFC meeting this AM

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Thanks

Ken k

From:	Victor Buza
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Anthony Martinello
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1 IESO 615pm.docx
Date:	Wednesday, November 01, 2017 6:17:13 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1 Rev IESO Nov1 615pm.docx

Yes I think it would be helpful to have a call to discuss that section 14 just to ensure we are all on the same page about the mechanics and the language.

In the meantime, I accepted everything that appeared to me to be settled and did some formatting, including fully justifying all paragraphs (since it was a bit of a mixed bag), and indenting and adding quotes around some of the adders as needed. All changes should be tracked.

Look forward to finalizing this tomorrow.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 01, 2017 5:07 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 1.docx
Importance: High

Hi Victor,

Please find attached our latest draft of AA#10, with some further amendments blacklined. A further call with you and Anthony will likely be required to discuss our proposed changes to section 14. Please let Will know your availability for tomorrow and he will set up the call.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st [day of November, 2017 (the "**Effective Date**")

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~a.~~ "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

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"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date

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of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"**Section 5.7 Intercept**

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of **[DATE]** herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the

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Commented [LS1]: NTD: Added same language as new FHP Credit Facility Agreement

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Commented [LS2]: NTD: This requires a date as the letter agreement will not be even dated with AA#10.

Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"**Section 7.9 Entire Agreement**

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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Commented [LS3]: NTD: To be amended in FHP Credit Facility Agreement

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b. "**Other Financial Transactions**" means those transactions between the Parties to be completed ~~on the Effective Date~~ prior to the Effective Time in relation to:

i. the advance of ~~funds~~the First Advance as defined under section 3.2(3) ~~a separate~~of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated [INSERT] (the **"FHP Agreement")** and the subsequent provision by OFA to the IESO of an updated grid in respect of the grid note issued under the Credit Agreement evidencing the repayment of the Repayment Amount (as defined under section 3.2(3) of the FHP Agreement); and, ~~in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts:~~

~~ii. the completion of all Advances (as defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date of this Amending Agreement, prior to the Commitment (as defined in the Credit Agreement).. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and~~

~~the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;~~

~~14.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. ~~to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx
Date:	Monday, October 30, 2017 3:06:59 PM

Hi Will,

From which version did you add the intercept language? We are still finalizing that language with the IESO so it may need to be revised/replaced once confirmed. Can you please highlight the small changes you are referring to?

Thank you,

Lisa

From: William Tan
Sent: Monday, October 30, 2017 3:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Hello Lisa,

I have discussed the Amending Agreement No. 10 with Sarah and made small changes and added the 5.7 Intercept language directly from the FHP.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 30, 2017 11:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Latest draft

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.

****

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx
Date:	Monday, October 30, 2017 3:02:54 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Hello Lisa,

I have discussed the Amending Agreement No. 10 with Sarah and made small changes and added the 5.7 Intercept language directly from the FHP.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 30, 2017 11:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Latest draft

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of ~~September~~November~~October~~, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of

manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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~~6.~~7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

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(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement, including the schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~14. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Victor Buza
To:	William Tan
Cc:	Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Wednesday, November 01, 2017 1:12:54 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v5 from OFA Oct 31 IESO Comments Nov1.docx
Importance:	High

Please see our proposed amendments to AA#10 in the attached document. I have attempted to reflect in s.14 those issues that came up yesterday on our call in relation to the timing and documentation of the separate transactions. Whether it is right may depend in part on what Sarah's internal discussions yielded re these issues (i.e. we were thinking that all transactions will occur on the 21st and so drafted accordingly).

It may make sense for me to walk through this with one or more of you just so we aren't delayed. I am available for a call anytime this afternoon except from 2:30 to 3:00.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 31, 2017 1:18 PM
To: Victor Buza
Cc: Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello Victor,

Please find attached the latest black-lined version of the OFA IESO Amending Agreement No. 10. In this version, we have made amendments to the effective date of the agreement, Permitted Liens, Section 5.2 Acceleration of Maturity; Rescission and Annulment, Section 5.7 Intercept (To be replaced with finalized language from new FHP credit facility agreement) and Section 7.9 Entire Agreement.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message including any attachments, without reading it or making a copy. Thank you

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~22nd [**NTD: VERIFY DATE – 21st?**]day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

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acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date~~:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of

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Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept [NOTE FROM IESO – OFA to revise per final OEHP credit agreement language]

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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b. "**Other Financial Transactions**" means those transactions between the Parties to be completed on the Effective Date prior to the Effective Time in relation to:

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i. the advance of funds under a separate credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;

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ii. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in

the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and

iii. the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ~~—~~22nd [**NTD: VERIFY DATE – 21st?**]day of ~~September~~November~~October~~, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; ~~and~~ (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

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acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):~~Date~~:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of

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Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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Commented [VB1]: Note - connected the two paras.

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept [NOTE FROM IESO – OFA to revise per final OEHP credit agreement language]

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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Commented [LS2]: NTD: Replace with finalized language from new FHP credit facility agreement

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement as amended from time to time and~~,~~ including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~8.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~9.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~10.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means that time on the Effective Date which is the later of (i) 2:00 p.m. and (ii) the time by which the Other Financial Transactions have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

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b. "**Other Financial Transactions**" means those transactions between the Parties to be completed on the Effective Date prior to the Effective Time in relation to:

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i. the advance of funds under a separate credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP in an amount equal to the reduction of the balance referred to in ii. immediately following, plus additional amounts;

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ii. the reduction to nil of the balance owing by IESO to OFA under the Credit Agreement **[INSERT $$ NUMBER?]** in connection with the IESO's role in

the implementation of the OFHP as of the Effective Date [**as reflected on a revised grid? Suggests there would be two grids but not sure**]; and

iii. the continuation of the certain prior advances and the making of new advances to IESO under the Credit Agreement;

~~11.~~15. After the Effective Time,~~On the date of this Amending Agreement~~ and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time.~~ to date of $401,878,030.42.~~ Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

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IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 ~~as of the date first above written~~.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Sarah Harris
To:	Lisa Stein; "Anthony Martinello"; William Tan; Victor Buza
Cc:	John Kim
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Tuesday, October 31, 2017 2:45:32 PM

Hi. I'm fine with that too.

Anthony, could you please go circulate a number?

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, October 31, 2017 2:44 PM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>; William Tan <William.Tan@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hi. That works for me.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, October 31, 2017 2:41 PM
To: William Tan <William.Tan@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Just chatted with Will.

Is everyone avail today at 3:30pm for a quick 30min call to ensure alignment on the docs.

Let me know and I will circulate a call-in

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 31, 2017 2:22 PM
To: Victor Buza
Cc: Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello all,

I want follow-up the previous email to clarify the Amending Agreement November 22, effective date. Once the Intercept Letter Agreement is signed we may sign the FHP Agreement and Amending Agreement No. 10 this week.

On November 21, it is expected that the majority of the outstanding balance under the existing $975M Credit Facility will be transferred to the $2B FHP Credit Facility. After the specified balance has been moved from the $975M Credit Facility, this will allow us to reduce the credit facility limit to $475M on November 22. Please let me know if you have any further questions or if you would like to discuss further.

Thanks,

Will

From: William Tan
Sent: Tuesday, October 31, 2017 1:18 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello Victor,

Please find attached the latest black-lined version of the OFA IESO Amending Agreement No. 10. In this version, we have made amendments to the effective date of the agreement, Permitted Liens, Section 5.2 Acceleration of Maturity; Rescission and Annulment, Section 5.7 Intercept (To be replaced with finalized language from new FHP credit facility agreement) and Section 7.9 Entire Agreement.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	"Anthony Martinello"; William Tan; Victor Buza
Cc:	Sarah Harris; John Kim
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Tuesday, October 31, 2017 2:43:43 PM

Hi. That works for me.

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Tuesday, October 31, 2017 2:41 PM
To: William Tan <William.Tan@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Just chatted with Will.

Is everyone avail today at 3:30pm for a quick 30min call to ensure alignment on the docs.

Let me know and I will circulate a call-in

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 31, 2017 2:22 PM
To: Victor Buza
Cc: Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello all,

I want follow-up the previous email to clarify the Amending Agreement November 22, effective date. Once the Intercept Letter Agreement is signed we may sign the FHP Agreement and Amending Agreement No. 10 this week.
On November 21, it is expected that the majority of the outstanding balance under the existing $975M Credit Facility will be transferred to the $2B FHP Credit Facility. After the specified balance has been moved from the $975M Credit Facility, this will allow us to reduce the credit facility limit to $475M on November 22. Please let me know if you have any further questions or if you would like to discuss further.

Thanks,

Will

From: William Tan
Sent: Tuesday, October 31, 2017 1:18 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah

Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello Victor,

Please find attached the latest black-lined version of the OFA IESO Amending Agreement No. 10. In this version, we have made amendments to the effective date of the agreement, Permitted Liens, Section 5.2 Acceleration of Maturity; Rescission and Annulment, Section 5.7 Intercept (To be replaced with finalized language from new FHP credit facility agreement) and Section 7.9 Entire Agreement.

Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Anthony Martinello
To: William Tan; Victor Buza
Cc: Lisa Stein; Sarah Harris; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date: Tuesday, October 31, 2017 2:41:17 PM

Just chatted with Will.

Is everyone avail today at 3:30pm for a quick 30min call to ensure alignment on the docs.

Let me know and I will circulate a call-in

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 31, 2017 2:22 PM
To: Victor Buza
Cc: Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

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Thanks,

Will

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Sent: Tuesday, October 31, 2017 1:18 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

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Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	William Tan
To:	"Victor Buza"
Cc:	Anthony Martinello; Lisa Stein; Sarah Harris; John Kim
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Tuesday, October 31, 2017 2:21:47 PM

Hello all,

I want follow-up the previous email to clarify the Amending Agreement November 22, effective date. Once the Intercept Letter Agreement is signed we may sign the FHP Agreement and Amending Agreement No. 10 this week.
On November 21, it is expected that the majority of the outstanding balance under the existing $975M Credit Facility will be transferred to the $2B FHP Credit Facility. After the specified balance has been moved from the $975M Credit Facility, this will allow us to reduce the credit facility limit to $475M on November 22. Please let me know if you have any further questions or if you would like to discuss further.

Thanks,

Will

From: William Tan
Sent: Tuesday, October 31, 2017 1:18 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

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Please let us know if you have any further comments or if you would like to discuss further. If you are satisfied with this version, we will prepare an execution version and also send over AA#10 for your review.

Thank you,

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx
Date:	Tuesday, October 31, 2017 10:23:03 AM

Yes, that's fine.

Thanks,

Lisa

From: William Tan
Sent: Tuesday, October 31, 2017 10:04 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

Hello Lisa,

We have reviewed the Amending Agreement No. 10 and have no comments. With the exception of the finalization of the Intercept language from the FHP, should we share the current version Amending Agreement No. 10 with IESO?

Thank you Lisa for your help on the drafts.

Will

From: Lisa Stein
Sent: Monday, October 30, 2017 3:34 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v5.docx

I've made some additional amendments to the latest draft, attached, to incorporate the Effective Date.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

To: William Tan
Cc: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx
Date: Monday, October 30, 2017 3:19:59 PM

Hi Will,

I just have a few comments:

- I understand from Sarah that the effective date of AA#10 should be November 22, 2017, so you can add that exact date in
- We will need to update the Intercept language once finalized with the IESO
- Please amend the signature line as follows (as the agreement will be executed on different dates than the effective date):
    - IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

From: William Tan
Sent: Monday, October 30, 2017 3:17 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Hi Lisa,

Right after I send my previous email Sarah informed me you intentionally left the Intercept language out.
The Intercept language from the FHP document version received on Friday, October 27, 4:13pm.
I have highlighted my changes.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 30, 2017 3:07 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Hi Will,

From which version did you add the intercept language? We are still finalizing that language with the IESO so it may need to be revised/replaced once confirmed. Can you please highlight the small

changes you are referring to?

Thank you,

Lisa

From: William Tan
Sent: Monday, October 30, 2017 3:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Hello Lisa,

I have discussed the Amending Agreement No. 10 with Sarah and made small changes and added the 5.7 Intercept language directly from the FHP.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 30, 2017 11:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

Latest draft

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx
Date:	Monday, October 30, 2017 3:16:40 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version blacklined v4.docx

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Latest draft

Lisa N. Stein
Legal Counsel
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416-325-2320

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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the ___ day of ~~September~~November~~October~~, 2017

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BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by adding the following subsection (k):

   ~~2.~~a. (k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

~~3.~~4. The following definitions are added to Section 1.1 of the Agreement

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*.

~~4.~~5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

~~5.~~6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than

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28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

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6.7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

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10. Section 7.9 "Entire Agreement' is added to the Agreement, stating as follows:

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Section 7.9 Entire Agreement

This Agreement, including the schedules hereto, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

~~7.~~11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

~~8.~~12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

~~9.~~13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

~~10.~~14. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan
Subject:	RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Date:	Friday, November 03, 2017 9:41:10 AM
Attachments:	FW Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement .msg

Hi Lisa,

Thank you for the latest draft; it looks good. The only thing that we are waiting on to confirm is whether or not Ron or Gadi will be the signatory (Anna S. and John are apparently working it out in relation to the attached e-mail). For the sake of time, I suggest sending this draft to Victor with the caveat that there may be that one outstanding change.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, November 03, 2017 9:32 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Importance: High

Hi Sarah,

Please see attached the latest draft as discussed and let me know if you would like to discuss further. If you are satisfied with this version, I will forward to Victor.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: FW: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date: Friday, November 03, 2017 09:10:25
Attachment 1: image001.jpg
Attachment 2: image001.jpg

From: Anna Strathy
Sent: Friday, November 03, 2017 7:41 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: Re: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hi all,

I spoke to Gadi and he recalled that Ron would be signing the letter. I had forgotten that was what was decided with Energy weeks ago.

Since Ron will be signing the letter, I think it only makes sense for him to sign the other related materials - not to mention that CEFD has done the majority of the work on this file and perhaps there is some satisfaction for all of you in seeing it all done! I know Ron may not be familiar with all of the documents, but perhaps Usman can set aside 15 minutes for a briefing with Ron today once the materials are ready to be signed.

Apologies for the late change in direction. Usman, I'll follow up separately with you on this to bring you up to speed.

Thanks, Anna

--

Anna Strathy

Special Policy Advisor to the CEO

Ontario Financing Authority

416.325.8032

On Nov 2, 2017, at 11:36 AM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Agreed
>
> **From:** John Kim
> **Sent:** Thursday, November 02, 2017 11:32 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
>
> Thanks, makes sense.
>
> **From:** Anna Strathy
> **Sent:** Thursday, November 02, 2017 11:31 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
>
> Gadi’s free tomorrow and familiar with this issue. I can ask Gadi to sign.
>
> **From:** John Kim
> **Sent:** Thursday, November 02, 2017 11:14 AM
> **To:** William Tan <William.Tan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hi William,

Not sure of his availability but know that he is quite jammed. Also, he does not usually deal with credit agreements so wouldn't Gadi be more used to doing so? Ron will go through the whole documents if you put in front of him.

From: William Tan
Sent: Thursday, November 02, 2017 10:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hello John,

Mike is away on Friday and according to the OFA Signing authorities Resolution for Lending Instruments, Ronald Kwan and Gadi Mayman are the other two signatories. Do you mind checking on Ronald's availability to sign for the agreements today or tomorrow?

There is a possibility for the agreements to be ready for today but more likely for tomorrow.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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Lending Instruments

Agreements for loans by the OFA to public bodies, including term sheets, may be signed by any of the following persons:

Chair;
CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

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Chair;
CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

From: William Tan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: FW: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date: Friday, November 03, 2017 09:10:25
Attachment 1: image001.jpg
Attachment 2: image001.jpg

From: Anna Strathy
Sent: Friday, November 03, 2017 7:41 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: Re: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hi all,

I spoke to Gadi and he recalled that Ron would be signing the letter. I had forgotten that was what was decided with Energy weeks ago.

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Apologies for the late change in direction. Usman, I'll follow up separately with you on this to bring you up to speed.

Thanks, Anna

--

Anna Strathy

Special Policy Advisor to the CEO

Ontario Financing Authority

416.325.8032

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> Agreed
>
> **From:** John Kim
> **Sent:** Thursday, November 02, 2017 11:32 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
>
> Thanks, makes sense.
>
> **From:** Anna Strathy
> **Sent:** Thursday, November 02, 2017 11:31 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
>
> Gadi’s free tomorrow and familiar with this issue. I can ask Gadi to sign.
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> **To:** William Tan <William.Tan@ofina.on.ca>

Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hi William,

Not sure of his availability but know that he is quite jammed. Also, he does not usually deal with credit agreements so wouldn't Gadi be more used to doing so? Ron will go through the whole documents if you put in front of him.

From: William Tan
Sent: Thursday, November 02, 2017 10:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hello John,

Mike is away on Friday and according to the OFA Signing authorities Resolution for Lending Instruments, Ronald Kwan and Gadi Mayman are the other two signatories. Do you mind checking on Ronald's availability to sign for the agreements today or tomorrow?

There is a possibility for the agreements to be ready for today but more likely for tomorrow.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

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Chair;
CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Bruno Amara; Ken Kandeepan
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 1:20:29 PM
Attachments:	RE Policy questions re OFHP Credit Facility Agreement .msg

Hi Lisa,

The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.

We will need to have a call with IESO to identify which loans would be transferred from one facility to another; it would be beneficial for you and Victor to be on this call so the particulars regarding what legal approach may be taken can be considered (i.e. incorporate provisions into the amending agreement, I am thinking).

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.

Thanks,

Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?

2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Ken Kandeepan []
To: Sarah Harris [Sarah.Harris@ofina.on.ca]
CC: Lisa Stein [Lisa.Stein@ofina.on.ca]; Bruno Amara [Bruno.Amara@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Opal Kandelas [Opal.Kandelas@ofina.on.ca]; Tobias P. Whitfield (MOF) [Tobias.Whitfield@ontario.ca]; William Tan [William.Tan@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]; Anna Strathy [Anna.Strathy@ofina.on.ca]
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Friday, August 11, 2017 09:39:57

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to

the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free

and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal

Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah
From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM

To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date: Tuesday, August 15, 2017 10:36:23 AM

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.

Thanks,

Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?

2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the

signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

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From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 10:30:30 AM

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Thanks,

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Sent: Tuesday, August 08, 2017 6:43 PM
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Lisa

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Ontario Financing Authority
416-325-2320

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****

From:	Lisa Stein
To:	Sarah Neville
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date:	Monday, July 24, 2017 10:54:18 AM

Thanks Sarah! My trip was great – I'll show you some photos tomorrow. ☺

From: Sarah Neville
Sent: Monday, July 24, 2017 10:21 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Hi Lisa – Welcome back and hope you had a lovely holiday!

Now that you are back, you can resume carriage of this for the next round of drafts should there be any (I will move all e-mails to the matter site). If IESO accepts the proposed changes, it will be a matter of simply co-ordinating timing and getting it signed at the same time as, or in advance of the FHP line (we have not yet received comments on that agreement). The open question is whether or not we will require a new rush directive for the $475 credit agreement should the IESO not agree to the limitation to the use of proceeds for "liquidity purposes only". I can provide you with more background on this should it be an issue (although it is all in the e-mails I think).

Welcome back again, looking forward to hearing about your trip!

Sarah

From: Lisa Stein
Sent: Monday, July 24, 2017 10:11 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx

Hi Sarah,

Thank you for carrying this matter forward during my absence. It looks like you have everything under control but please let me know if you would like to me to step back in.

Lisa

From: Sarah Neville
Sent: Monday, July 24, 2017 9:58 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Importance: High

Good morning Will,

Hope you had a nice weekend. Attached is the mark up of Amending Agreement No 10. I have accepted all changes on the IESO draft of July 7, with the exception of Paragraphs 2 & 3 which has been changed back to the OFA's original language. This is clearly noted in a comment box which should travel with the draft to IESO. Based on IESO's response on Friday, this should not be a controversial amendment.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Thanks very much and best regards,

Sarah

From:	Sarah Neville
To:	Lisa Stein
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 24 to IESO Draft July 7.docx
Date:	Monday, July 24, 2017 10:20:37 AM

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Hope you had a nice weekend. Attached is the mark up of Amending Agreement No 10. I have accepted all changes on the IESO draft of July 7, with the exception of Paragraphs 2 & 3 which has been changed back to the OFA's original language. This is clearly noted in a comment box which should travel with the draft to IESO. Based on IESO's response on Friday, this should not be a

controversial amendment.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Thanks very much and best regards,

Sarah

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Bruno Amara; Ken Kandeepan
Subject:	RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx
Date:	Tuesday, August 15, 2017 1:37:09 PM

Hi Sarah,

Yes, I agree that I should be on the call with the IESO. We can discuss drafting details following this call.

Lisa

From: Sarah Harris
Sent: Tuesday, August 15, 2017 1:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

The plan is still to reduce the existing facility to $475 million, but existing facility will be used for draws until such time that the new facility is in place. We informed Anthony that we would look to re-allocate loans from the existing facility to the new credit facility when the new facility is executed. We are confirming with the various OFA areas (Settlements, Risk, Accounting, Cash) regarding the operational requirements, but the idea is that there will be no impact from a cash flow standpoint (i.e. no actual transfer of funds for IESO to repay loans under one facility, and therefore no need for the OFA to transfer funds under the new facility. Ken K. and I have discussed this, but am cc'ing him so he is aware that I have communicated this direction.

We will need to have a call with IESO to identify which loans would be transferred from one facility to another; it would be beneficial for you and Victor to be on this call so the particulars regarding what legal approach may be taken can be considered (i.e. incorporate provisions into the amending agreement, I am thinking).

Thanks,
Sarah

From: Lisa Stein
Sent: Tuesday, August 15, 2017 10:36 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will,

I believe business decisions regarding next steps are required before we can amend this agreement. I understand that the OFA may not be reducing the existing line by the amount previously contemplated? Alternatively, additional terms re: re-payment may be required. Please provide instructions as to the further amendments that are required, or provide me with a revised draft for review. Happy to discuss further.

Lisa

From: William Tan
Sent: Tuesday, August 15, 2017 10:30 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

I'm follow-up to make sure this is still on your radar. I know you're working hard on the new directive and was busy with the intercept provision and credit facility last week. As you know the directive is the priority right now.

Thanks,

Will

From: William Tan
Sent: Tuesday, August 08, 2017 6:43 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Lisa,

1. I don't recall having OFA Legal sign-off on this. "Simple Markup" view has no data on the grid note.
   Perhaps changes in the FHP Credit Facility will incur more changes to the Amending Agreement 10?

2. I was able to confirm Anthony's outstanding grid note balance. Anthony will have the signatory sign the Grid Note effectively acknowledging the outstanding balance. I will change the "as of August 8" date to the signature date once we know the signature date. The numbers are also supported by the Rollover Notices provided on July 21. Please review and comment on the Grid Note.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, July 26, 2017 9:36 AM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

There still appears to be data in the grid on the last page. Can this also be removed?

From: William Tan
Sent: Tuesday, July 25, 2017 6:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hello Lisa,

Thank you very much for making the changes.
I have removed the data from the grid note. Please let me know if this is satisfactory.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, July 25, 2017 4:21 PM
To: William Tan <William.Tan@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 COMPARE OFA Draft July 25 - OFA legal.docx

Hi Will and JF,

Please see attached with the most recent edits, as discussed during our conference call. I was unable to delete the details from the grid on the last page – can one of you please do this and send the document back to me for final review.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: William Tan
To: Lisa Stein; Sarah Harris
Subject: RE: OFA IESO Amending Agreement No 10 OFA Sep10.docx
Date: Monday, September 11, 2017 2:11:06 PM
Attachments: OFA IESO Amending Agreement No 10 OFA Sep10.docx

---

Hello Lisa,

I have accepted the appropriate changes made minor changes. If you don't have additional comments, I will forward this version to Anthony and Victor.

Thanks,

Will

From: Lisa Stein
Sent: Monday, September 11, 2017 11:59 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFA IESO Amending Agreement No 10 OFA Sep10.docx

Latest black-lined version, as discussed.

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the (·) day of September, 2017

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "Parties")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; and (iii) amend the Form of Election Notice and related provisions under the Credit Agreement;

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that:

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "Commitment" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The following definitions are added to Section 1.1 of the Agreement

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

4. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

5. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

   "(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

   (2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the ~~grid promissory note~~Grid Note~~e~~ (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such Advances~~advances~~ and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

6. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

Commented [LS1]: Program to confirm,

Commented [WT2R1]: Amended as per previous comment.

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

7. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

8. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

9. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

10. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding to date of $401,878,030.42. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

Commented [A3]: As of August 21, 2017. IESO to confirm.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement No. 10 as of the date first above written.

ONTARIO FINANCING AUTHORITY

Per: _____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Commented [VB4]: Change of reference

Commented [WT5R4]: Amended as per comment.

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per~~By~~: _____

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Name:
Authoritzed Signatory

Commented [WT6]: Lisa, amended to be consistent with schedule 1&2 above and FHP.

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

Ontario Financing Authority

Line of Credit Grid Note

Entity :	**Independent Electricity System Operator**
Loan Limit:	**475,000,000.00**
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	**Principal Advanced or Rollover Amount**	**Interest Rate**	**Repayment Date**	**Total No. Of Days**	**Interest Amount**	**Actual Repayment**	**Principal**	**Interest**	**Actual Repayment Date**	**Actual No. Of Days**

From:	Victor Buza
To:	Lisa Stein
Cc:	Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject:	RE: OFA IESO FHP Credit Agreement and Amending Agreement No 10 - Execution Versions
Date:	Friday, November 03, 2017 5:33:12 PM
Attachments:	OFA IESO Amending Agreement No 10 - Execution Version - FINAL - blackline Nov 3.docx OFA IESO Amending Agreement No 10 - Execution Version - FINAL.docx OFA IESO Amending Agreement No 10 - Execution Version - FINAL.pdf FHP Revolving Credit Facility Agreement 2017-2022 Execution Version - FINAL - Markup Nov 3.docx FHP Revolving Credit Facility Agreement 2017-2022 Execution Version - FINAL.docx FHP Revolving Credit Facility Agreement 2017-2022 Execution Version - FINAL.pdf

Per our call earlier this afternoon, please find attached clean and blacklined versions of the FHP Credit Agreement and Amending Agreement No.10 to the Existing Credit Agreement. These are ready for execution on Monday.

Per our discussion, I have removed the names of the OFA signatories which I understand you will fill in by hand when completed. Other than that there are very few changes to the text. Please note that in the final version of the FHP agreement I fixed the justification of the first two paragraphs of s.5.7 the Intercept clause (changed from full justify to left justify, consistent with the remainder of that clause and the Agreement generally).

As mentioned, I have also prepared separate Grid Notes for both agreements in the $2Bn and $475MM amounts. The $2Bn Note will be effective immediately and so will be provided by same day delivery. The $475MM Note does not become effective until the Effective Time on November 21 so we should discuss the appropriate manner of dealing with this Note pending its coming into effect.

Finally, I have updated the Incumbency Certificate and Certified Board Resolution to show current dates, and will complete the Intercept Letter with a Nov 6 date on Monday.

Let me know if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Victor Buza
Sent: November 03, 2017 3:17 PM
To: 'Lisa Stein'
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim

Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx

I'll look at them now and do the adjustments and give you a call if I have any questions.
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 03, 2017 2:31 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx

Thank you Victor. Please let me know if you would like to discuss the adjustments. Just to clarify – will you be preparing the execution versions?

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, November 03, 2017 1:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx

Thanks Lisa – this version of AA#10 now looks fine.

We now need to make the final adjustments to both agreements based on the new November 6 closing. I will look at the documents this afternoon and forward any changes I note as required – I would like to be in a position to sign early on Monday if possible.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 03, 2017 9:53 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Importance: High

Hi Victor,

Please find attached the latest version of AA#10, incorporating that changes that you have requested. We have also included additional language pertaining to the "Transfer of Funds". Please let us know your thoughts and if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" **("IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

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acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

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"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

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(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment

Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th ~~3rd~~, 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

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(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

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10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

   i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 6~~3~~, 2017; and,

   ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

   iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

   iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement on the dates set out below, which shall come into effect as of the Effective Time as defined herein.

ONTARIO FINANCING AUTHORITY

Per: _____ Date: November _____, 2017.
Name: ~~Gadi Mayman~~
Title: ~~Chief Executive Officer~~

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____ Date: November_____, 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   > "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   > "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   > **"Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.
   >
   > "**Continued Advance"** has the meaning specified in Section 3.3(1).
   >
   > "**Current Repayment Date**" has the meaning specified in Section 3.3(2).
   >
   > "**New Repayment Date**" has the meaning specified in Section 3.3(2).
   >
   > **"OFHP"** means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   > "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment

Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

   i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 6, 2017; and,

   ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

   iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

   iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement on the dates set out below, which shall come into effect as of the Effective Time as defined herein.

ONTARIO FINANCING AUTHORITY

Per: _____ Date: November _____, 2017.
Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____ Date: November_____, 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO")**, and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   > "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   > "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   > **"Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.
   >
   > "**Continued Advance"** has the meaning specified in Section 3.3(1).
   >
   > "**Current Repayment Date**" has the meaning specified in Section 3.3(2).
   >
   > "**New Repayment Date**" has the meaning specified in Section 3.3(2).
   >
   > **"OFHP"** means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   > "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment

Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

   i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 6, 2017; and,

   ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

   iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

   iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement on the dates set out below, which shall come into effect as of the Effective Time as defined herein.

ONTARIO FINANCING AUTHORITY

Per: _____ Date: November _____, 2017.
Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____ Date: November_____, 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA"**) at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of November~~October~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: ~~Michael D. Manning~~
Title: ~~Executive Director & Chief Investment Officer, Capital Markets Division~~

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

Formatted: Indent: Left: 0", Hanging: 0.5"

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	"Victor Buza"
Cc:	Sarah Harris; William Tan; Anthony Martinello; John Kim; Sarah Neville
Subject:	RE: OFA IESO FHP Credit Agreement and Amending Agreement No 10 - Execution Versions
Date:	Friday, November 03, 2017 5:40:30 PM

Hi Victor,

These amendments reflect our discussion from this afternoon and I have no further comments on these two agreements.

Thank you and have a great weekend,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, November 03, 2017 5:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO FHP Credit Agreement and Amending Agreement No 10 - Execution Versions

Per our call earlier this afternoon, please find attached clean and blacklined versions of the FHP Credit Agreement and Amending Agreement No.10 to the Existing Credit Agreement. These are ready for execution on Monday.

Per our discussion, I have removed the names of the OFA signatories which I understand you will fill in by hand when completed. Other than that there are very few changes to the text. Please note that in the final version of the FHP agreement I fixed the justification of the first two paragraphs of s.5.7 the Intercept clause (changed from full justify to left justify, consistent with the remainder of that clause and the Agreement generally).

As mentioned, I have also prepared separate Grid Notes for both agreements in the $2Bn and $475MM amounts. The $2Bn Note will be effective immediately and so will be provided by same day delivery. The $475MM Note does not become effective until the Effective Time on November 21 so we should discuss the appropriate manner of dealing with this Note pending its coming into effect.

Finally, I have updated the Incumbency Certificate and Certified Board Resolution to show current dates, and will complete the Intercept Letter with a Nov 6 date on Monday.

Let me know if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Victor Buza
Sent: November 03, 2017 3:17 PM
To: 'Lisa Stein'
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx

I'll look at them now and do the adjustments and give you a call if I have any questions.
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 03, 2017 2:31 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx

Thank you Victor. Please let me know if you would like to discuss the adjustments. Just to clarify – will you be preparing the execution versions?

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, November 03, 2017 1:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx

Thanks Lisa – this version of AA#10 now looks fine.

We now need to make the final adjustments to both agreements based on the new November 6 closing. I will look at the documents this afternoon and forward any changes I note as required – I would like to be in a position to sign early on Monday if possible.

Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: November 03, 2017 9:53 AM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject: OFA IESO Amending Agreement No 10 - Execution Version blacklined v6 OFA Nov 2 rev.docx
Importance: High

Hi Victor,

Please find attached the latest version of AA#10, incorporating that changes that you have requested. We have also included additional language pertaining to the "Transfer of Funds". Please let us know your thoughts and if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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From:	Lisa Stein
To:	Sarah Neville
Subject:	RE: OFA Loan to St. Michael"s Hospital
Date:	Wednesday, March 28, 2018 12:50:43 PM

Yes, this file recently became active. We can discuss at our weekly.

From: Sarah Neville
Sent: Wednesday, March 28, 2018 12:09 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: FW: OFA Loan to St. Michael's Hospital

Hi Lisa –

By way of heads up, Dmitri just forwarded this to me, but I see your question at the bottom of the email is the catalyst for the proposal to obtain an OIC.

Not sure if this file has been active on your end recently but it looks like it is revving up again so you may want to circle back with clients (Mara B?) on what/when the directive/loan agreement requirements are and perhaps connect with Dimitri as to what has been happening on the OIC front etc.

Sarah

From: Markoulakis, Dimitri (MOF) [mailto:Dimitri.Markoulakis@ontario.ca]
Sent: Wednesday, March 28, 2018 11:56 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: OFA Loan to St. Michael's Hospital

Hi Sarah,

I'm forwarding this to you because Garth mentioned getting a lending directive from the Minister and I understand you're involved in that. But also because this would be an OFA loan to a public body, not a Provincial loan.

I'm happy to talk about it.

Thanks,
Dimitri

From: Garth Parish [mailto:Garth.Parish@ofina.on.ca]
Sent: Tuesday, March 27, 2018 4:20 PM
To: Kandelas, Opal (OFA); Harris, Sarah (OFA); Hanslep, Malle (MOF)
Cc: Dalgarno, Andrea (OFA); Markoulakis, Dimitri (MOF); Bakic, Mara (OFA); Strathy, Anna (OFA)
Subject: RE: OFA Loan to St. Michael's Hospital

While I am preparing a briefing note summarizing the expected loan terms and related issues, as context, please find attached two overview documents:

- A draft letter from Minister Hoskins to Minister Sousa (never sent) requesting the loan to St. Michael's Hospital
- A presentation prepared by Mercer for SMH with project key milestones.

Thanks,
Garth

From: Opal Kandelas
Sent: March-27-18 3:34 PM
To: Garth Parish <Garth.Parish@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi Garth,

Would you please share a briefing note, draft Minister's directive and any other pertinent materials with us. The date for submitting a package for the April 16 LRC has long passed, but we can work towards getting this item to the DMO. An LRC Note will need to be prepared by CEFD as soon as possible. I've cc'd Anna so that she is aware.

Please send Anna a brief description of the issue so as to inform her discussions with DMO.

Thanks,
Opal

From: Garth Parish
Sent: Tuesday, March 27, 2018 2:29 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi Sarah,

As Malle says, the best approach and the approach we, including Gadi, are recommending is that the "commitment" (in whatever form) be provided by MOH.

However, it appears as though the loan will be required eventually and will only work under a 35 year amortization (again Gadi has agreed to this amortization in principle), so we will need to amend the OIC. Given that our Plan B, which may be needed, is to provide some joint assurance MOF/MOH to HOOPP by April 30, I would like to work with Capital Markets to try to get the OIC in place so that we can use Plan B if necessary.

If you agree, just let me know what you need from me.

Thanks,
Garth

From: Sarah Harris
Sent: March-27-18 1:11 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Garth Parish <Garth.Parish@ofina.on.ca>; Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Malle,

Thank you very much for your quick response.

Garth – I'm not familiar with the various inputs Malle has mentioned below with the loan, and the timing for getting these. Is it possible to obtain all the required approvals, etc. prior to April 30th? As Malle indicates, a binding commitment doesn't seem possible without these elements. On the other hand, if it is possible, we could try to make the case for including an amending OIC for the April 16th LRC.

Thanks,
Sarah

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, March 27, 2018 12:49 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Garth Parish <Garth.Parish@ofina.on.ca>; Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi,

Dimitri has been working on this as well so copying him here. According to the current

OIC's, OFA must repay the funds borrowed from the Province by 2040 (I haven't check them all now but assume that you have) so the OFA couldn't make a longer term loan to a third party such as the hospital without an amending OIC as you describe.

I think that the only thing that could be done is to see whether there is any possibility of walking this OIC in at this point if it is that critical. However, at the same time, I know that there have been numerous elements regarding this potential loan including possibly having MOHLTC provide an indemnity to the OFA regarding the repayment by the hospital. Not sure that we could in anyway provide a binding commitment that the money will be available in 2019 since there would be many other elements such as a Minister's directive, the negotiation of the loan agreement and due diligence that would make it conditional. However, it seems that the amendment to the OIC is a necessary precondition.

Also just thinking general about this project, is it anticipated that any other approvals or signing of agreements, etc. would be proposed during the writ period?

Thanks,

Malle

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: March 27, 2018 12:21 PM
To: Hanslep, Malle (MOF)
Cc: Parish, Garth (OFA); Dalgarno, Andrea (OFA); Kandelas, Opal (OFA)
Subject: FW: BN - Lending Directive for Loan to OCRC.docx

Hello Malle,

I am writing to you to inquire about the timing for an approval for an OIC in relation to a loan that the OFA may be making to St. Michael's, as detailed below.

In short, the OFA has the available room under its existing lending OICs (i.e. the OICs where the OFA borrows from Her Majesty, and then in turn makes loans to public bodies), but the expiry dates of the existing OICs are shorter than the proposed maturity. The OICs expire in 2041 and the loan would mature in late 2054. In order for the St. Micheal's loan to occur, there has to be a binding assurance to HOOPP by April 30th that funds will be available to be advance in the summer of 2019. In order for us to provide this, we would need to get approval for an amending OIC to extend the expiry dates of the existing OICs to 2055.

Given that the last LRC scheduled is for April 16th, and the deadlines for providing materials has passed (March 20th), it doesn't seem possible to get approval for an amending OIC prior to April 30th. Do you know of any options that might make this possible?

Thanks,
Sarah

From: Andrea Dalgarno

Sent: Tuesday, March 27, 2018 11:46 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: BN - Lending Directive for Loan to OCRC.docx

FYI

From: Garth Parish
Sent: Tuesday, March 27, 2018 11:43 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi Andrea,

We are in discussions with St. Michael's Hospital to provide them with a $100M loan that would be amortized over 35 years. This is with regard to pension assets that they are transferring to HOOPP that need to be topped up by $100M.

A wrinkle is that they need to provide a binding assurance to HOOPP by April 30 that they have the funds although the effective date of the loan and the transfer of funds won't take place until July/August of 2019. This means that the loan wouldn't be paid off until late 2054.

We understand that the latest dated OIC is 844/2008 which ends June 1, 2041, so in order to make this loan we would need an OIC out to say, 2055 – although we may wish to make it later. A smaller request from Grand River hospital would be similar. Both loans would fit within the existing authorized amounts but not the repayment date.

Please advise the best way to proceed towards the required OIC amendment re timing.

Thanks. I will call to follow up.

Thanks,
Garth

From: Andrea Dalgarno
Sent: December-06-17 2:10 PM
To: Garth Parish <Garth.Parish@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi,

I have a place holder for when we do the next joint update to add the new 2 billion OIC 1279/2017 and the associated 2 billion line of credit (IESO-OFA credit facility FHP related). Also note the IESO 975m one will be removed while the IESO 475M will remain- it will be one line representing 475M.

Regards,

Andrea

From: Garth Parish
Sent: Wednesday, December 06, 2017 1:52 PM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi Andrea,

That's great. Thank you very much.

We may have some updates/comments to follow.

Thanks,
Garth

From: Andrea Dalgarno
Sent: December-06-17 12:30 PM
To: Garth Parish <Garth.Parish@ofina.on.ca>
Cc: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: RE: BN - Lending Directive for Loan to OCRC.docx

Hi Garth,
I have been asked to respond to your query. Attached is the most current listing we have available of the OFA loans under the two OIC's. This listing was finalized in conjunction with Daki in Corporate Finance.
Based on this July 11, 2017 listing, the remaining authority under the two OIC's are as follows:

1) OIC 675/97 (the currently active one) has remaining authority of $721,594,955.57 as of July 11, 2017

2) OIC 767/99 has authority in the amount of $656,000,000.00 as of July 11, 2017

So it seems, we should be able to draw on OIC 675/97 for the additional loans you reference given it was noted in the BN you attached that the 2017-2018 OFA Borrowing and On-lending Plan was set at $486 million and apparently $250 million of that was postponed to 2018-2019.

Let me know should you have any further question or concerns.

Regards,

Andrea

From: Garth Parish
Sent: Tuesday, December 05, 2017 3:37 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: BN - Lending Directive for Loan to OCRC.docx

Hi Jean-Francois,

You will see in the highlighted section below that Lisa is asking that we confirm that 2 OFA loans we are working on:

- $150 million to the Ontario Cannabis Retail Corporation
- $100 million to St Michael's hospital

are covered by the "existing on-lending OIC's".

I don't know who would keep a registry of the OICs and what loans they cover. Would your group have this registry?

Thanks,
Garth

From: Lisa Stein
Sent: December-04-17 1:25 PM
To: Garth Parish <Garth.Parish@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: BN - Lending Directive for Loan to OCRC.docx

Hi Garth,

Please find attached some comments and suggested amendments to the draft briefing note, attached. I did not review the attachments; however, as discussed on Friday, they still reference the loan to St. Michael's hospital as well (and these references should be deleted).

I'm still working on the directive for the OCRC loan. In the meantime, can you please confirm that this loan is covered by the existing on-lending OICs (as referenced in the draft note)?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Sarah Neville
To: Salman Qadir
Cc: Sarah Harris; Lenin Alvarez-Bravo; Lisa Stein
Subject: RE: OFA Loans and OIC
Date: Wednesday, May 03, 2017 12:48:40 PM

Salman –

The OFA's authority to borrow is set out in its' general borrowing by-law, By-Law #12 (see document at below link) which is approved by resolution of the Board and requires the additional approval of the Minister.

Under section 1(a)(i), the by-law permits borrowing by the OFA from the Minister of Finance, such amounts as the Minister of Finance is authorized by OIC to lend to the OFA.

http://portal.ofina.on.ca/sites/ld/ofaboard/administration/ByLaws/General%20Borrowing%20and%20Financing%20By-Law%2012.pdf

So, yes, borrowing from the Province by the OFA must not exceed amounts the Minister is authorized by OIC to lend.

Please let me know if you have questions or would like to discuss further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 12:32 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Thanks Sarah.

Is it fine to say that the OFA needs to have room within an OIC to be able to lend to an entity (or in other words, an OIC (alongside other approvals like Minister's directive etc) to ensure the OFA can lend? I believe this is true but wanted to get a definite answer.

I've reached out to Sarah Harris on my second questions as well.

Thanks again,
Salman

From: Sarah Neville
Sent: Wednesday, May 03, 2017 12:26 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA Loans and OIC

Hi Salman - Documentation tracks and administers the borrowing OICs. Lenin asked me about the IESO Credit Facility back in the summer and Lisa was assigned as a result of the inquiry (so I've copied her as well). I am not sure but I think Lenin may be away, so I am copying Sarah Harris with your query.

Please let me know if you require anything further.

Sarah

From: Salman Qadir
Sent: Wednesday, May 03, 2017 11:05 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA Loans and OIC

Hi Sarah,

Hoping you could help or point me in the right direction on this. I'd be happy to give you a call or come up to your office to quickly discuss…

There are two questions I am trying to answer:

1) If my understanding of the legal authorizations required for OFA to lend to entities is correct and that an OIC is needed for any lending the OFA intends to do; and
2) If my understanding is correct, would you have any documents/records to show that a certain OIC was done for the OFA-OPA (now IESO) facility

Background for my two questions:
My current understanding the legal requirements to do an OFA loan (pre- drafting an agreement). It is my understanding that:

- An OIC must authorize the Minister of Finance to lend to the OFA.
- Minister of Finance's Directive must then direct OFA to "on-lend" to Borrower subject to terms and conditions.

I assume this is the case and with that, I was trying to look for the OIC that would have been completed for the OFA to provide the current $975 million (originally could have been $475 million) revolving credit facility to the IESO (previously OPA). I don't think it was an specific one for this on-lending and it may be an old one. I have attached the most recent OIC that I could find and it makes reference to:

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the Capital Investment Plan Act, 1993, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OF A");

And based on OIC tracking that I had seen in 2013 by OFA Documentation, this $975 million is included under that amount.

Thank you,
Salman

From:	Salman Qadir
To:	Sarah Neville
Cc:	Sarah Harris; Lenin Alvarez-Bravo; Lisa Stein
Subject:	RE: OFA Loans and OIC
Date:	Wednesday, May 03, 2017 12:31:38 PM

Thanks Sarah.

Is it fine to say that the OFA needs to have room within an OIC to be able to lend to an entity (or in other words, an OIC (alongside other approvals like Minister's directive etc) to ensure the OFA can lend? I believe this is true but wanted to get a definite answer.

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To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA Loans and OIC

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: OFA Loans and OIC

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I assume this is the case and with that, I was trying to look for the OIC that would have been completed for the OFA to provide the current $975 million (originally could have been $475 million) revolving credit facility to the IESO (previously OPA). I don't think it was an specific one for this on-lending and it may be an old one. I have attached the most recent OIC that I could find and it makes reference to:

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Thank you,
Salman

From: Salman Qadir
To: Sarah Neville
Cc: Sarah Harris; Lenin Alvarez-Bravo; Lisa Stein
Subject: RE: OFA Loans and OIC
Date: Wednesday, May 03, 2017 1:23:03 PM

Thanks Sarah! This helps.

Salman

From: Sarah Neville
Sent: Wednesday, May 03, 2017 12:49 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

Salman –

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So, yes, borrowing from the Province by the OFA must not exceed amounts the Minister is authorized by OIC to lend.

Please let me know if you have questions or would like to discuss further.

Sarah

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA Loans and OIC

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To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lenin Alvarez-Bravo <Lenin.Alvarez-Bravo@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFA Loans and OIC

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Please let me know if you require anything further.

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Subject: OFA Loans and OIC

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And based on OIC tracking that I had seen in 2013 by OFA Documentation, this $975 million is included under that amount.

Thank you,
Salman

From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein
Subject:	RE: OFA lending policy re security
Date:	Friday, August 04, 2017 3:44:06 PM
Attachments:	FHP credit facility agreement draft Aug 2 rev.docx

Draft attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 4, 2017 12:32 PM
To: Whitfield, Tobias P. (MOF)
Cc: Neville, Sarah (OFA)
Subject: OFA lending policy re security

Hi Toby,

After discussing this matter with Sarah Neville, I wanted to share with you some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the ultimate policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset. This is a question best addressed by the business/policy people in CEFD.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status to be confirmed*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (pursuant to O.Reg. 632/94, the IESO is a "public body" for the purposes of CIPA). As such, the structure of this loan as set out in the draft agreement is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I'm not aware of any direction requiring this to be a secured loan.

In terms of the intercept provisions (which as you know are required pursuant to s. 23 of CIPA), it is unclear whether adding such provisions to the FHP credit facility agreement will provide further comfort. Do you know if there is currently an agreement in place between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement? Is this something to be further discussed with Energy? Is this a moot point? I would appreciate your thoughts on this issue.

Happy to discuss further,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: August~~July~~ (·), 2017~~)~~

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of August~~July~~ 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*~~ (the "OFHP")~~.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the P~~p~~arties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances and in the case of an election by the IESO under Section 3.3, may include a ~~or~~ "Continued Advance", ~~as~~ as defined in Section 3.3(1), as applicable.

Commented [LS1]: Based on discussion with IESO Counsel. Also see amendment to election notice.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as ~~"clean energy adjustment" as that term is~~ defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

~~"**Financing Entity**" has the same meaning as "financing entity" as that term is defined in the OFHP.~~

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, ~~Public Sector Accounting Board~~ at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

~~(f) the Swap Termination Value of each Swap Contract of such Person; and~~

(~~f~~g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary " means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**OFHP**" ~~has the meaning specified in the Recitals to this Agreement.~~means the *Ontario Fair Hydro Plan Act, 2017.*

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

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(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business

(k) any Lien arising ~~in connection with~~from the IESO's ~~role and~~ statutory obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation

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Commented [LS2]: For further discussion

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to the Clean Energy Adjustment, or any lien, whether arising from the action or inaction of IESO that is created under the OFHP.~~otherwise~~.

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"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

~~**"Swap Contract"** means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.~~

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~~**"Swap Termination Value"** means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:~~

~~(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and~~

~~(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.~~

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

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ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in ~~Canadian~~ Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act*, *1998*, subject to the ~~following~~ condition that~~s:~~

~~(1)~~ ~~P~~proceeds of Advances may be used only for IESO's ~~short term~~ financing needs and requirements of any kind arising in connection with ~~due to cash flow timing differences incurred as a result of~~ the IESO's role with respect to and obligations under~~in the implementation and administration of~~ the OFHP.

~~The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."~~

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

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(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

~~(2)~~ In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.~~8~~9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies (b) the new aggregate total amount of the proposed Continued

Advance; and (c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(5) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated unsecured Indebtedness of the IESO, subject to the existence of (i) any Permitted Liens of the IESO, and (ii) any other Liens that secure Indebtedness in accordance with Section 4.6 hereof.~~

~~(6)~~(5) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Commented [LS3]: Amended as per discussions. Still requires review/acceptance by IESO counsel.

Commented [TPW4]: I don't think this does anything, and may in fact be detrimental, as we may be able to argue for some kind of PMSI or other security arising from the operation of the OFHP. Useful if "unsubordinated", but not if "unsecured".

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The ~~obligation~~agreement of the OFA~~IESO~~ to make the Advances to IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and~~an~~ working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or

decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice~~a proper, efficient and business-like manner and in accordance with good business practice.~~.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future I~~i~~ndebtedness of the IESO~~-~~ or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the ~~sServices~~Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of I~~i~~ndebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) ~~(i)~~ constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived~~waive~~ or rescinded);

(g) the IESO or any Material Subsidiary~~.~~:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due~~generally not able to pay its debts as they become due~~;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy,~~.~~ ~~I~~ insolvency,~~.~~ ~~I~~ reorganization or

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relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments~~-~~ for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO~~-~~ or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments~~-~~ discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days ~~of~~after the date on which written notice of ~~providing such written notice~~such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this

Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) ~~(a)~~ to file and prove a claim for all amounts owing under~~und~~ this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

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Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-~~-~~laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the moneys~~ies~~ advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each A~~a~~dvance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

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ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fa~~s~~csimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be in-valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement~~instrument~~.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit Facility ~~a~~Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the date of the Proposed Advance.]
(d) IESO confirms it will ~~also~~ be paying interest in the amount of $_____;

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested, specifying IESO sub-categories of borrowing purposes as applicable]
(2) [indicate amount and purpose of funds requested, , specifying IESO sub-categories of borrowing purposes as applicable]]

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The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving ~~c~~Credit ~~Facility Aagreement~~Facility Agreement between the IESO and the OFA dated ~~July~~August (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance or Continued Advance, as the case may be, for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The new aggregate total amount of the proposed Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c) ~~(c)~~ The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 5~~7~~ days and not later than 95 days after the current Repayment Date for the Advance.]
(d) IESO confirms it will also be paying interest in the amount of $_____;
(e) This transaction relates~~d~~ to the settlement of the ~~of the~~ _____;
[Insert relevant IESO sub-category of borrowing]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

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Formatted: List Paragraph, Indent: Left: 0", First line: 0", Numbered + Level: 1 + Numbering Style: a, b, c, … + Start at: 3 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

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Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province~~OFA~~ of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid ~~(the "**Grid** Note")~~ attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the ~~Credit~~ Agreement dated ~~July~~August (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "~~Credit~~ Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the ~~Credit~~ Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the ~~Credit~~ Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By:_____

By:_____

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Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: RE: OFA lending policy re security
Date: Friday, August 04, 2017 5:06:19 PM

Thanks Toby. Please let me know when you are available for a call when you are back in the office on Tuesday.

Have a great long weekend!

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, August 04, 2017 3:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFA lending policy re security

Draft attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 4, 2017 12:32 PM
To: Whitfield, Tobias P. (MOF)
Cc: Neville, Sarah (OFA)
Subject: OFA lending policy re security

Hi Toby,

After discussing this matter with Sarah Neville, I wanted to share with you some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the ultimate policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset. This is a question best addressed by the business/policy people in CEFD.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status to be confirmed*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (pursuant to O.Reg. 632/94, the IESO is a "public body" for the purposes of CIPA). As such, the structure of this loan as set out in the draft agreement is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I'm not aware of any direction requiring this to be a secured loan.

In terms of the intercept provisions (which as you know are required pursuant to s. 23 of CIPA), it is unclear whether adding such provisions to the FHP credit facility agreement will provide further comfort. Do you know if there is currently an agreement in place between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement? Is this something to be further discussed with Energy? Is this a moot point? I would appreciate your thoughts on this issue.

Happy to discuss further,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	Salman Qadir
To:	Sarah Harris; Tobias P. Whitfield (MOF); William Tan
Cc:	Lisa Stein; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 3:19:55 PM

Sounds good. Thank you Sarah.

Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Salman,

Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:50 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Sarah,

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I. Change purpose to only state "short-term" needs:

1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and

administration of the Ontario Fair Hydro Plan Act, 2017.

II. Leave subsection 2 in there for now.

If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.

Thoughts?

Regards,
Salman

From: Sarah Harris
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Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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One quick question re: subsection 2 below. Subsection 2 was added in amendment#7 of the $975M OFA-IESO existing credit facility; I think the idea was to ensure that any advance under the facility isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls. Notwithstanding the reference to the Electricity Act in subsection 2, is the intention with this new credit facility to limit rolls to a 12 month period for any particular advance?

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Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby/all,

I had a quick chat with Bruno as well and it may be best to leave it a little open in an effort to remain consistent with what we know for now. We can suggest IESO provide some more details in this statement for clarity based on how they see the borrowings to occur.

Regards,
Salman

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, June 20, 2017 1:58 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

In being consistent with the Directive, I think the purpose of the credit facility can be written as follows, subject to any additional comments:

1) Proceeds of Advances may be used only for short to medium term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

Regards,
Salman

From: William Tan
Sent: Tuesday, June 20, 2017 1:27 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

May I ask both of your assistance in defining the use of proceeds from the IESO credit facility below?

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the Electricity Act, 1998, subject to the following conditions:

(1) Proceeds of Advances may be used only for liquidity purposes and to temporarily fund corporate requirements; and,

(2) With the exception of funds borrowed solely for the purposes of funding the payment of amounts payable by the IESO under 25.33 of the Electricity Act, 1998, the IESO is expected to recover or repay such proceeds over a period of no more than 12 months from the date of the Advance."

Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Salman Qadir; Tobias P. Whitfield (MOF); William Tan
Cc:	Lisa Stein; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:54:30 PM

Hi Salman,

Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.

Thanks,
Sarah

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Sent: Tuesday, June 20, 2017 2:50 PM
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II. Leave subsection 2 in there for now.

If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.

Thoughts?

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Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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Capital Markets Division | Ontario Financing Authority
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william.tan@ofina.on.ca

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Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date: Tuesday, June 20, 2017 2:50:01 PM

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Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi William,

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1) Proceeds of Advances may be used only for short to medium term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation

and administration of the Ontario Fair Hydro Plan Act, 2017.

I don't think subsection 2 applies. When sending this to IESO, I recommend that we highlight the entire section and have them confirm or provide further details, especially the reference to the 423/04 regulation.

Regards,
Salman

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Sent: Tuesday, June 20, 2017 1:27 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby and Salman,

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Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Sarah Harris
To:	Salman Qadir; Tobias P. Whitfield (MOF); William Tan
Cc:	Lisa Stein; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:31:48 PM
Attachments:	Directive IESO FHP 2017 v3.docx

HI Salman,

One quick question re: subsection 2 below. Subsection 2 was added in amendment#7 of the $975M OFA-IESO existing credit facility; I think the idea was to ensure that any advance under the facility isn't rolled over for the entire term of the agreement, but that any one advance is limited to 12 months of rolls. Notwithstanding the reference to the Electricity Act in subsection 2, is the intention with this new credit facility to limit rolls to a 12 month period for any particular advance?

Thanks,
Sarah

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Sent: Tuesday, June 20, 2017 2:14 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Toby/all,

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Sent: Tuesday, June 20, 2017 1:58 PM
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Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

I agree with Salman, though I wonder if we should be more specific about what short to medium term means, or better to leave it open depending on circumstances?

Tobias Whitfield

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Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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Toby, once Lisa has finished reviewing the IESO credit facility, I will implement her suggested changes and then circulate the draft for your review and comment.

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From:	Salman Qadir
To:	Tobias P. Whitfield (MOF); William Tan
Cc:	Lisa Stein; Sarah Harris; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 2:14:08 PM

Hi Toby/all,

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To: Salman Qadir <Salman.Qadir@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

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From:	Whitfield, Tobias P. (MOF)
To:	Salman Qadir; William Tan
Cc:	Lisa Stein; Sarah Harris; Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Tuesday, June 20, 2017 1:57:56 PM

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Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
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Sent: June 20, 2017 1:55 PM
To: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Bruno Amara; Kim, John (OFA)
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From: Salman Qadir
To: William Tan; Tobias P. Whitfield (MOF)
Cc: Lisa Stein; Sarah Harris; Bruno Amara; John Kim
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date: Tuesday, June 20, 2017 1:54:36 PM

Hi William,

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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP IESO OFA Credit Facility (Use of Proceeds)

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From:	Salman Qadir
To:	Sarah Harris; Tobias P. Whitfield (MOF); William Tan; Lisa Stein
Cc:	Bruno Amara; John Kim
Subject:	RE: OFHP IESO OFA Credit Facility (Use of Proceeds)
Date:	Friday, June 23, 2017 1:58:46 PM
Attachments:	Directive IESO FHP 2017 v5.docx Directive IESO FHP 2017 v3.docx

Hi all,

Just to ensure we have the clean copy of the proposed Minister's Directive for this credit facility, please see attached.

In the v3 I had sent around, I had not remove the language in the recital making reference to the OIC #, which we had agreed did not need to be in the directive. Ron was also okay with leaving it removed.

Attached is v5.

Regards,
Salman

From: Salman Qadir
Sent: Tuesday, June 20, 2017 3:20 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Sounds good. Thank you Sarah.

Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Salman,

Thanks for the suggestion – makes sense. We can strip the reference to the Electricity Act, and propose a more general subsection 2.

Thanks,
Sarah

From: Salman Qadir
Sent: Tuesday, June 20, 2017 2:50 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP IESO OFA Credit Facility (Use of Proceeds)

Hi Sarah,

Based on the information we have to date, I don't think we were thinking of imposing that same limitation of 12 month period but I see your point. I reread IESO request letter and suggest we do this instead to avoid lots of initial changes:

I. Change purpose to only state "short-term" needs:

1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

II. Leave subsection 2 in there for now.

If IESO has issues, they can raise it in their comments back. Should we need "medium-term" financing, we can amend the agreement later as needed.

Thoughts?

Regards,
Salman

From: Sarah Harris
Sent: Tuesday, June 20, 2017 2:32 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
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Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

The Line of Credit shall be subject to the following terms:

- The Line of Credit shall be evidenced by an agreement between the IESO and the OFA containing terms and conditions consistent with this Directive (the "Credit Agreement").

- Interest on the Line of Credit shall be payable at a rate equal to the Province's cost of funds based on the terms of the Credit Agreement, and as determined by the Chief Executive Officer of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them, plus a twenty-five (25) basis point spread.

DRAFT

../2

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.

- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated:

Charles Sousa
Minister of Finance

DRAFT

DIRECTIVE

MINISTER OF FINANCE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR CREDIT FACILITY

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance.

The Independent Electricity System Operator ("IESO"), a public body for the purposes of CIPA, has requested funding from the OFA to support the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

In order to fulfil the Province's commitments under the OFHP, it is desirable for the Minister of Finance to provide direction to the OFA to provide a revolving credit facility for the purposes of providing short to medium term financing related to the OFHP.

[The OFA will be borrowing funds for this requested credit facility under the authority of OIC ###, pursuant to which the Minister of Finance is authorized to lend a maximum of $2 billion.]

Commented [SQ21]: Based on discussions with OFA legal (including Ken Russell), this can be deleted as it is administrative in nature. Suggest deleting.

Therefore:

Pursuant to sub-section 16(2) of CIPA, the OFA is directed to lend to the IESO under a revolving credit facility (the "Line of Credit") for the purpose of short to medium term financing related to the IESO's implementation of the OFHP, an aggregate principal amount of up to CAD $2 billion.

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../2

DRAFT

- All amounts outstanding under the Line of Credit shall be repaid in full on or before the date no later than September 30, 2022.
- The Line of Credit shall be subject to such other terms as the OFA deems appropriate from time to time.

Dated: , 2017

Charles Sousa
Minister of Finance

DRAFT

From: Whitfield, Tobias P. (MOF)
To: Caroline Swerdlyk; William Tan
Cc: Lisa Stein; Sarah Harris; Sarah Neville
Subject: RE: OFHP OFA Prom note (draft) + $2Billion OIC
Date: Thursday, August 31, 2017 3:33:40 PM

I am fine with those changes.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Caroline Swerdlyk [mailto:Caroline.Swerdlyk@ofina.on.ca]
Sent: August 31, 2017 12:13 PM
To: Tan, William (OFA)
Cc: Stein, Lisa (OFA); Harris, Sarah (OFA); Neville, Sarah (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP OFA Prom note (draft) + $2Billion OIC

Hi Will,

I reviewed the draft Promissory Note against the OIC, and noticed a discrepancy in the wording used in s. (d)(i) of the Prom Note. I have amended it (attached) to align with the wording in the OIC.

I've cc'd Toby since he is also reviewing this – Toby, could you please let me know if you are okay with this change, or would like to discuss?

Thanks,

Caroline

Caroline Swerdlyk
Legal Counsel
ext. 5-8141

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From:	Lisa Stein
To:	William Tan
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 4:27:21 PM

Hi William,

Can you please confirm what you based this draft note on?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 19, 2017 10:20 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 4:22:38 PM

Hi Toby,

Unfortunately I don't have a blacklined version.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 3:38:41 PM

Yes that works. I'll call you.

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Yes – I saw you just called but am on the phone – should be done shortly. How about 4?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 19, 2017 3:34 PM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Hi Toby,

Are you available for a call this aft?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 3:37:41 PM

Yes – I saw you just called but am on the phone – should be done shortly. How about 4?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 19, 2017 3:34 PM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Hi Toby,

Are you available for a call this aft?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

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From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: RE: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 3:33:55 PM

Hi Toby,

Are you available for a call this aft?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)

Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

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From:	Whitfield, Tobias P. (MOF)
To:	William Tan
Cc:	Malle Hanslep (MOF); Sarah Harris; Lisa Stein
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Monday, June 19, 2017 3:31:20 PM

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

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Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 10:04:34 AM

Hi William,

What is our usual practice regarding promissory notes? Should this first be reviewed by MOF Legal or do we usually review first?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 12:11 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP OFA Prom note (draft)

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	RE: OFHP OFA Prom note (draft)
Date:	Wednesday, June 14, 2017 1:09:20 PM
Attachments:	compared 2005 vs 2017 IESO OFA Credit Agreement (draft).docx

Hello Lisa,

Sarah informed me that you wish to have the original (2005) version compared against the 2017 version.

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 12:11 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: OFHP OFA Prom note (draft)

Hello Lisa,

Please find the attached OFHP OFA Promissory Note. Please review and provide any comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICTY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

SHORT TERM
REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017

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SHORT TERM REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ~~1st~~(·) day of ~~January 2005, between:~~July 2017,

~~A. ONTARIO POWER AUTHORITY a~~**BETWEEN:**

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, as statutory corporation ~~established~~without share capital existing under the Electricity Act, 1998 ("**IESO**")
~~(the "OPA")~~

(as Borrower)

AND

~~B.~~ **ONTARIO FINANCING AUTHORITY**~~,~~ a Crown agency established under the Capital Investment Plan Act, 1993 ~~(~~("OFA" and together with the IESO, the ~~"OFA").~~"Parties")

~~RECITAL:~~

(the "OFA")

RECITALS:

WHEREAS The ~~OPA~~IESO has requested ~~an operating line of~~ a short term revolving credit facility from ~~the OFA~~OFA for the purpose of its funding from the OFA to support the IESO's role in the ~~amount~~ implementation of ~~$500 million and the OFA has agreed to provide such a line~~the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

AND WHEREAS pursuant to Directive (·), IESO is authorized to borrow from the OFA by way of (a) Advance; (b) entering into a credit ~~to the OPA.~~facility agreement provided that the maximum principle amount that may be outstanding at any time under the authority Directive (·) cannot exceed $2,000,000,000;

~~NOW~~ **AND WHEREAS** pursuant to Order in Council (·)/2017, the OFA is authorized to lend to the IESO a maximum aggregated principal amount not to exceed $2,000,000,000;

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are ~~acknowledged~~acknowledge), the ~~paiies~~parties agree as follows:

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ARTICLE 1
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to ~~the OPA~~IESO under Article 3 and "Advance" means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; ~~an~~and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

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"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $~~500 million~~2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the ~~OPA~~IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; ~~and~~

(f) ~~(f)~~ the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (~~e~~f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

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"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

~~**"Operating Facility"**~~**"Material Subsidiary"** means, at any time, a Subsidiary which, together with its subsidiaries, has consolidated assets with a book value of more than Twenty-Five Million Dollars determined as of such time in accordance with generally accepted accounting principles.

"Note" means the ~~revolving credit facility to be made available to the OPA by the OFA~~notes of IESO issued under this Agreement ~~for the purposes specified in Section 2.3~~.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of ~~OPA~~IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the ~~OPA~~IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which ~~the~~they are held by the ~~OPA~~IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs ~~of~~litigation~~of~~ litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

~~(e)~~ (e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the ~~OPA~~IESO or a Material Subsidiary that have not at the time been filed against the ~~OPA~~IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the ~~OPA~~IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

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(g) any Lien the validity of which is being contested at the time by the ~~OPA~~IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the ~~OPA~~IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the ~~OPA~~IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the ~~OPA~~IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the ~~OPA~~IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the ~~OPA~~ IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation ~~of law~~of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Short-Term Credit Facility" means the revolving short term credit facility to be made available to IESO by the Province under this Agreement for the purposes specified in Section 2.3.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

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Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by IESO or by one or more other Subsidiaries or by IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

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Section 1.2 Effect of Headings ~~and Table of Contents~~.

The division of this Agreement into Articles and Sections and the insertion of headings ~~and the provision of a Table of Contents~~ are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ~~ac.cepted~~accepted accounting principles refer to accounting ~~principles generally accepted in Canada~~policies and standards as ~~recommended in~~established by the ~~Handbook of the Canadian Institute of~~ Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business ~~-~~Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2 ~~OPERATING FACILITY~~ REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA.~~IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 ~~**Commitment and Facility Limits.**~~

~~The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.~~

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~~**Section 2.3**~~ **Use of Proceeds.**

The ~~OPA~~IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

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Section 2.3 Commitment and Facility Limits

The Advances Outstanding to the IESO under the Short Term Credit Facility outstanding shall not at any time exceed the Commitment. The Short Term Credit Facility shall revolve and no repayment under the Short Term Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory ~~-~~Repayment.

Subject to Sections 2.~~9 and~~ 5.~~1~~ and 5.2, the ~~OPA~~IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on ~~December 31, 2006.~~September 30, 2022.

Section 2.5 Prepayments.

The ~~OPA~~IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.~~7~~6 Payments under this Agreement.

~~The OPA~~

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

~~(1)~~(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the ~~OPA~~IESO from time to time, or in such other manner as the OFA may specify to the ~~OPA~~IESO from time to time. The ~~OPA~~IESO shall make each such payment in Canadian Dollars.

~~(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.~~

Section 2.~~8~~7 Computations ~~of~~ Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

~~(2)~~ For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in

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a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.~~9~~8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the ~~OPA~~IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.~~9~~8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the Province on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the Province hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the Province.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the ~~OPA~~IESO under the ~~Operating~~Short-Term Credit Facility from time to time on any Business Day prior to ~~November 30, 2006~~August 31, 2022.

Section 3.2 **Procedure for Advances.**

(1) Subject to Section 3.3(3), each Advance shall be made ~~on one~~subject to two Business ~~Day's~~Days' prior notice given not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the ~~OPA~~IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than ~~1 month, 2 months or 3~~7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2 ~~months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.~~

~~(2)~~ On or before the date of the first Advance hereunder, the ~~OPA~~IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The ~~OPA~~IESO authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the

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applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each

(2) payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the ~~OPA~~IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

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Section 3.3 Elections Regarding Advances.

~~(1)~~(1) The ~~OPA~~IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of ~~1 month, 2 months or 3 months~~7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the ~~OPA~~IESO to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the ~~OPA. If the OPA~~IESO and shall specify (a) the requested date of the proposed election, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Note shall at all times rank *pari passu* with all other unsubordinated Indebtedness of IESO, subject to the existence of any Permitted Liens of IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by IESO.

Section 3.4 Interest on Advances.

(1) The ~~OPA~~IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

~~(2)~~ Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the ~~Province's~~OFA's cost of funds for borrowings with a similar term as

(2) determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period

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from the date of the Advance to the Repayment Date of the Advance,

~~to~~

If the ~~Repayment Date of the Advance.~~

(3) ~~If the OPA~~IESO elects to continue an Advance in accordance with Section 3.3(2), the ~~Province~~OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the ~~OPA~~IESO promissory note in respect of Advances held by it, ~~in respect of Advances held by it.~~

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Section 3.5 Conditions Precedent

The obligation of the ~~OFA~~IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the ~~OPA~~IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the ~~OPA~~IESO; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the ~~OPA~~IESO is in compliance with the ~~tenns~~terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the ~~OPA~~IESO confirming that the borrowing is within the legal powers of the ~~OPA~~IESO and that the Agreement is a direct, unsecured obligation of the ~~OPA~~IESO enforceable against the ~~OPA~~IESO in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE

~~OPA~~IESO

Section 4.1 Payment of Advances.

The ~~OPA~~IESO will duly and punctually pay ~~or cause to be paid all~~principal and interest on each Advance on the applicable payment dates and in accordance with the terms and conditions contained in this Agreement and all other amounts owing under this Agreement in accordance with the terms and ~~subject to the~~ conditions of this Agreement.

Section 4.2 ~~OPA~~IESO will Maintain its Corporate Existence.

~~The OPA~~Subject to Section 7.1, the IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the ~~OPA~~IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the ~~OPA~~IESO or any Material Subsidiary may be

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prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the ~~OPA~~ IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the ~~OPA~~ IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The ~~OPA~~IESO will cause all property owned by the ~~OPA~~IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

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Section 4.5 Conduct of Business.

The ~~OPA~~IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The ~~OPA~~IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the ~~OPA~~IESO or any Material Subsidiary, in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the ~~OPA~~IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

~~(d)~~ any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

~~(e)~~(d) any Lien charging the interest of the ~~OPA~~IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

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Section 4.7 Payment of OFA Expenses

~~**The OPA**~~

In addition to any liability of IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the ~~OPA~~IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the ~~Province's~~OFA's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the ~~OPA~~IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the ~~OPA~~IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will provide to the OFA any reports or supporting documents that the OFA may require from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Loan and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) the IESO's failure to pay ~~any interest upon~~the principal amount of any Advance ~~when it becomes due~~ and ~~payable, if such failure continues~~all interest accrued thereon on the applicable Repayment Date for a period of 3 ~~Business Days~~business days and any other amounts owing under this Agreement when due;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and

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all other amounts owing under this Agreement on ~~December 31, 2006~~September 30, 2022 ;

(c) failure on the part of the ~~OPA~~IESO to observe or perform its obligations set forth in Section 4.1;

(~~e~~) d) failure on the part of the ~~OPA~~IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the ~~OPA~~IESO by the OFA;

(~~f~~) e) any representation or warranty made by the ~~OPA~~IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

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~~(g)~~(f) one or more breaches by the ~~OPA~~ IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

~~(h)~~(g) the ~~OPA~~IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy *I* insolvency *I* reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors,

or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains ~~undismisssed~~ undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

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official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~i~~) h) if there shall be rendered against the ~~OPA~~IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the ~~OPA~~IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the ~~OPA~~IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

~~**If proceedings**~~

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the ~~OPA~~IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the ~~OPA~~IESO, or if any other judicial proceedings relative to the ~~OPA~~IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

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(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ~~ma~~may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

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(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF ~~OPA~~IESO

Section 6.1 Representations and Warranties of ~~OPA~~IESO

The ~~OPA~~IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the ~~OPA~~IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the ~~OPA~~IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the ~~OPA~~IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the ~~OPA~~IESO or any contractual or other obligation binding on the ~~OPA~~IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the ~~OPA~~IESO enforceable against it in accordance with its terms; and

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(d) the monies advanced under this Agreement shall be used only by the ~~OPA~~IESO for the purposes set out in Section 2.~~3~~2.

Section 6.2 Continuation of Representation ~~and~~ Warranties

The representations~~,~~ and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~7~~ 7 ~~GENERAL~~
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of IESO under this Agreement, and from time to time may exercise every right and power of IESO under this Agreement.

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication ~~-~~addressed:

If to the ~~OPA~~IESO, to it at:

~~Ontario Power Authority 880 Bay~~Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
~~3rd Floor~~
Toronto, ON ~~M7A 2C~~M5H 1T1

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Attention: Chief ~~Executive~~Financial Officer-
Telephone: (416)969-6232
Fascimile: (905)403-6913

~~Telecopier:~~

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director — Capital Markets Division-
~~Telephone:~~ Telephone: (416) 325-~~8128~~8930
~~Telecopier:~~ Telecopier: (416) 325-~~8005~~8111

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provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day,
(b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~7~~8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~7~~8.1.

Section ~~7~~8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the ~~OPA~~IESO and their respective successors and permitted assigns, except that the ~~OPA~~IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect
to this Agreement.

Section ~~7~~8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the ~~OPA~~IESO.

Section ~~7~~8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.
~~of such right shall not preclude an other or further exercise of such right or the exercise of any other right.~~

Section ~~7~~8.5 Further Assurances.

Each of the ~~OPA~~IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

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Section ~~7~~8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~7~~8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~7~~8.8 Counterparts.

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

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IN WITNESS WHEREOF the ~~parties~~Parties have executed this Amending Agreement as of the ~~1st day of January, 2005~~date first written above.

ONTARIO POWER AUTHORITY

~~by:~~

~~Name: Rosalyn Lawrence~~
~~Authorized Signing Officer~~

~~and:~~

~~Name: Riggs~~
~~Authorized Signing Officer~~

~~**ONTARIO FINANCING HORITY**~~

~~by:~~

~~Name: Gadi Mayman~~
~~Title: Chief Executive Officer~~

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ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~)~~-204-7920

Ontario Financing Authority ~~("~~("**OFA**~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
~~M7A1Y7~~

M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the ~~""~~"**Agreement**~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and the OFA,~~), and gives you notice pursuant to Section 3.2 of the Agreement that the ~~OPA~~IESO requests an Advance under the Agreement, and, in ~~that~~ connection with such request, sets forth below the information relating to such Advance (the ~~""~~"**Proposed Advance**~~")~~"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
~~(b)~~ (b) The aggregate amount of the Proposed Advance is _____ $_____;
~~(c)~~ (c) The Repayment Date of the Proposed Advance is _____; [~~not more~~ _____.
[Not earlier than ~~3 months~~7 days and not later than 95 days after the date of the Proposed Advance~~].~~]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purposes:

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

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notice or both would constitute an Event of Default.

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~
INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

~~Per:~~

~~Rick Jennings~~
~~Authorized Signatory~~

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~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.~~

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SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via ~~Telecopier: (~~Fax: 416~~) ~~204-7920

Ontario Financing Authority ~~("~~("**OFA**~~")~~")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: ____ Cash Management

Dear Sirs:

The undersigned, ~~Ontario Power Authority, refer~~the Independent Electricity System Operator ("**IESO**"), refers to the credit agreement between the IESO and the OFA dated ~~[Insert]~~July (·), 2017 (as amended, supplemented or restated from time to time, the "~~"~~**Agreement**~~",~~", the terms defined therein being used herein as therein defined~~) between the OPA and OFA,~~), and gives you notice pursuant to Section 3.3 of the Agreement that the ~~OPA~~IESO elects to continue all or a portion of an Advance for an additional term, and, in ~~that~~ connection with such election, sets forth below the information relating to ~~the~~such election as required by Section 3.3(~~3~~2) of the Agreement:

(a) The ~~outstanding~~date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
~~(a)~~ *i.* previous principal amount ~~of such Advance to be continued is $~~
_____$

ii. interest $_____
~~(b)~~ (c) The new Repayment Date applicable to such Advance is~~; [not more~~ _____. [Not earlier than ~~3 months~~7 days and not later than 95 days after the current Repayment Date for the Advance~~.~~.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the

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Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

~~ONTARIO POWER AUTHORITY~~

Per: _____

~~Rosalyn Lawrence~~ **INDEPENDENT ELECTRICITY SYSTEM OPERATOR**

Per: _____

Name:

Authorized ~~-~~Signatory

~~Per:~~

~~Rick Jennings~~

~~Authorized Signatory~~

~~*To be confirmed by telephone call to OFA Cash Management (416) 325-8108~~

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SCHEDULE 3 ~~ONTARIO POWER AUTHORITY~~

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $~~500~~2,000,000,000 Date: ,

FOR VALUE RECEIVED, **~~ONTARIO POWER AUTHORITY~~INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the "~~OPA~~"), Company"**), incorporated under the laws of the ~~Province~~OFA of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the ~~OPA~~Company, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the ~~OPA~~Company to record on the Grid (~~a~~i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (~~b~~ii) the applicable rate of interest for each Advance; (~~c~~iii) the repayment date of each Advance; (~~d~~iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (~~e~~v) the outstanding principal ~~balance.~~amount of the grid promissory note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as ~~of [Insert]~~amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. ~~This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.~~

This Note is not transferable or negotiable without the prior written consent of the Company.

The Company waives presentment for payment and notice of non-payment.

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

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IN WITNESS WHEREOF the ~~OPA~~Company has executed this Note.

ONTARIO POWER AUTH~~ORITY~~

~~Per:~~ _____

Rosalyn Lawrence

~~Authorized Signatory~~

Per: _____

~~Rick Jennings~~

~~Authorized Signatory~~

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INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By: _____

By: _____

DATE	PRINCIPAL ADVANCED ~~RATE ADVMTGED~~	RATE	~~REPAYME.NT~~REPAYMENT DATE AND PRINCIPAL REPAID	~~INTEREST~~ PAYMENT DATE AND AMOUNT	~~UNPAID PRINCIPAL~~ PRINCPAL BALANCE	~~NOTATION MADE BY~~

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From: Caroline Swerdlyk
To: William Tan
Cc: Sarah Neville; Sarah Harris; Lisa Stein
Subject: RE: OFHP OFA Prom note (draft)
Date: Wednesday, August 30, 2017 1:59:14 PM

Hi Will,
I see that there are questions directed to Lisa in the promissory note. Did Lisa review it already or did you have a chance to discuss these questions with her?
Is this promissory note based on a recent precedent?
Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 1:47 PM
To: Caroline Swerdlyk
Cc: Sarah Neville ; Sarah Harris ; Lisa Stein
Subject: OFHP OFA Prom note (draft)
Hello Caroline,
When you have a moment please review and comment on the prom note between the Province of Ontario and OFA. Out of caution if thought that you should review this as well. Toby has already reviewed this.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, June 28, 2017 3:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)
Will – I don't have any comments on this agreement. I will be out of the office for a week starting tomorrow. What has to happen with this in terms of moving it forward?
Toby
Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 28, 2017 9:20 AM
To: Whitfield, Tobias P. (MOF)
Subject: FW: OFHP OFA Prom note (draft)
Good morning Toby,
I updated the table only to be consistent with more recent precedent. Please review and comment.
Thanks,
Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, June 26, 2017 2:15 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Will – I have reviewed the promissory note and I have no comments.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 26, 2017 10:30 AM
To: Whitfield, Tobias P. (MOF)
Subject: RE: OFHP OFA Prom note (draft)

Good morning Toby,

I hope you had a restful weekend. Have you have a chance to review the prom note?

Thanks,

Will

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM

To: William Tan <William.Tan@ofina.on.ca>

Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>

Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: RE: OFHP credit facility agreement
Date: Thursday, August 03, 2017 2:51:01 PM

Lisa – I am available anytime from now until 4.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 3, 2017 12:56 PM
To: Whitfield, Tobias P. (MOF)
Subject: OFHP credit facility agreement

Hi Toby,

Are you available sometime this afternoon to discuss some questions pertaining to the OFHP credit facility agreement between the OFA and the IESO? If so, please let me know your availability. I'm just updating the latest draft agreement which I will send to you once we confirm a meeting time.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Sarah Harris
To:	Salman Qadir; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:54:32 PM

Hi Salman,

Thanks so much for reviewing. I will remove the question to IESO regarding whether medium term financing should be included.

Two days processing is what is included in the current $975 million facility (in the original facility it was actually one day, but in amending agreement #9 we extended to two days). So this should be okay.

The agreement does not specify a prepayment option for IESO; is this something we should be looking to include?

Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 23, 2017 4:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah/Lisa,

I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do they just EFT the funds to us based on their election notice?

Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Sarah Harris
To: Tobias P. Whitfield (MOF); Lisa Stein
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Friday, June 23, 2017 8:53:31 AM

Thank you, Toby.

Sarah

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 8:37 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Thanks. I will review this in the am and get comments to you asap.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Sarah Harris
Sent: Friday, June 23, 2017 1:06 AM
To: Stein, Lisa (OFA)
Cc: Whitfield, Tobias P. (MOF); Tan, William (OFA)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- "Subsidiaries" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "Material Subsidiary", which should have been included, as it was in the 2010 Credit Facility

- (ACTION REQUIRED - TOBY) Section 2.2 – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.

- (ACTION/DECISION REQUIRED -LISA) Section 3.3 – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.

- Section 3.5 – Included the words “a Material Subsidiary” in respect of the MAC clause, per your suggestion

- Original Section 4.1 – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.

- “New” Section 4.1 – Keep reference to 7.1, as we prefer to keep this reference, which was also in 2010 IESO-OEFC Credit Facility

- (DECISION REQUIRED – LISA/SARAH) Newly renumbered Section 4.2 – Maintenance of Properties – Would like to discuss with you directly, as this is a little ambiguous role of OFA vs. Province.

- Newly renumbered Section 4.7 – Have included timeframe as “promptly”, per you suggestion of a timeframe

- Original Section 5.1(c) – deleted section as was redundant and referenced the now deleted original section 4.1 (per above). As a result of deletion, references (d), (e), (f), (g), and (h) under section 5.1 have been renumbered

- Section 7.1 –We would like to include section, as it was included in 2010 OEFC-IESO credit facility. Corresponding reference in Section 4.1 should be kept.

I note below that you requested that we do another Documentation/OFA Legal turn before review by LSB, but given the urgent timeframe, and the very few remaining material issues, I thought it prudent to let Toby view what is a relatively final form in substance, so he can flag any major issues from an FHP perspective. Since the agreement must be executed by end of next week and IESO has not yet seen the draft, I am hoping we can strive to get this to IESO by end of day (Friday) to allow sufficient time for IESO to review and provide comments on the draft ASAP early next week..

Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, June 22, 2017 11:17 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance: High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I’ve identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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making a copy. Thank you.
****

From:	Sarah Harris
To:	Lisa Stein
Cc:	Tobias P. Whitfield (MOF); William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date:	Friday, June 23, 2017 1:06:02 AM
Attachments:	FHP_IESO_OPA Original Credit Agreement OFA Legal vs. Documentation Blackline.docx OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- **"Subsidiaries**" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "**Material Subsidiary**", which should have been included, as it was in the 2010 Credit Facility
- **(ACTION REQUIRED - TOBY) Section 2.2** – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.
- **(ACTION/DECISION REQUIRED -LISA) Section 3.3** – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.
- **Section 3.5** – Included the words "a Material Subsidiary" in respect of the MAC clause, per your suggestion
- **Original Section 4.1** – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.
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not yet seen the draft, I am hoping we can strive to get this to IESO by end of day (Friday) to allow sufficient time for IESO to review and provide comments on the draft ASAP early next week..

Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, June 22, 2017 11:17 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance: High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I've identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [LS1]: Consistent with Directive

Commented [LS2]: Not necessary

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: As per Sarah H.’s comments, change to Credit Facility throughout. Use of proceeds to discuss short-to medium term.

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

Commented [LS9]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT10R9]: Please see added definition of "Material Subsidiary" above.

Commented [LS11]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Commented [LS12]: Delete as per above?

Commented [WT13R12]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS14]: Delete if references to "Subsidiary" deleted

Commented [LS15]: Delete if references to "Subsidiary" deleted

SH: We're keeping references to subsidiaries

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~OFHP~~Ontario Fair Hydro Plan Act, 2017.

(2) The IESO is expected to recover or repay the proceeds for each Advanceover a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS16]: Salman please update this section

Commented [LS17]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS18]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS19]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT20R19]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

Commented [LS21]: Why are there references to the Province?

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to ~~August 31~~September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall ~~be~~ not ~~later~~be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver

Commented [WT22]:

Commented [WT23R22]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [LS24R23]: 7 days prior? Confirm with Sarah Harris? See s. 3.2 below.

Commented [LS25]: Change to defined term throughout

Commented [WT26]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS27]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [WT28]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

Commented [LS29]: Confirm with Capital Markets and be consistent with subsequent reference

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS30]: If referring to Subsidiaries in agreement, include here as well?

Commented [LS31]: If referring to Subsidiaries in agreement, include here as well?

SH: Yes, include Material susidiary

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 ~~**Payment of Advances.**~~

~~The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Commented [LS32]: Why was this changed? Appears redundant.

~~**Section 4.2**~~ **IESO will Maintain its Corporate Existence.**

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS33]: Deleted s. 7.1 as n/a in this context

Section 4.3~~2~~ Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3~~2~~ shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [WT34R33]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. “Past practice has been to included this language even if not relevant at the present time’. Our preference is to keep this.

Commented [LS35]: Keep?

Section 4.4~~3~~ Insurance.

Commented [LS36]: Keep?

SH: To discuss futher with Lisa.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for

mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

~~(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;~~

Commented [LS37]: Should we include a timeline? E/g within X business days of request?

Commented [SH38R37]: No specific timeline required, but should be done "promptly"

Commented [LS39]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS40]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [SH41R40]: Next section (c) deleted, since original 4.1 also deleted as being redundant. Failure to pay now strictly addressed under 5.1(b)

Commented [WT42]: Lisa – should we include failure to perform under 6.1 as well?

Commented [LS43R42]: No – reps and warranties and breach of Agreement covered below (sections (d) and (e). Note to MOF Legal: Do you concur?

~~(d)~~ (c) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~e~~d) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~g~~f) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such

proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the

OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

Commented [LS44]: N/A in context of IESO

Commented [WT45R44]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232

Commented [LS46]: Change numbering throughout and references if applicable

Commented [LS47]: Change numbering throughout and references if applicable

Commented [SH48R47]: Keep 'as is' since keeping Article 7.

Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS49]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

~~(a) [Identify Advance in question]~~
(a) The date of the proposed election, being a Business Day is _____;

Commented [WT50]: Confirmed with Carlos that he prefers the previous wording.

(b) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

Commented [LS51]: Change throughout the Schedule

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;
(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" mean, at any time, a Subsidiary which as consolidated assets with a book value of more than $25 million determined as such time in accordance with generally accepted accounting principles.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

Commented [LS3]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT4R3]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH5]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

Commented [LS6]: As discussed, delete references to "Subsidiary" and "Material Subsidiary" throughout if N/A. Otherwise, remove "Material" throughout as not defined.

Commented [WT7R6]: Please see added definition of "Material Subsidiary" above.

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

Commented [LS8]: Delete as per above?

Commented [WT9R8]: We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS10]: Delete if references to "Subsidiary" deleted

SH: We're keeping references to subsidiaries

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the Ontario Fair Hydro Plan Act, 2017.

(2) The IESO is expected to recover or repay the proceeds for each Advanceover a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS11]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS12]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS13]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT14R13]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Short-Term Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made two Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each such notice (an "Election Notice") shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify (a) the ~~requested date of the proposed election~~Advance to which the election request applies, (b) the aggregate principal election amount, and (c) the new Repayment Date, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [WT19]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

Commented [LS20]: If referring to Subsidiaries in agreement, include here as well?

SH: Yes, include Material susidiary

ARTICLE 4
COVENANTS OF THE IESO

~~**Section 4.1 Payment of Advances.**~~

~~The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.~~

Commented [LS21]: Why was this changed? Appears redundant.

Commented [WT22R21]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Section 4.21 IESO will Maintain its Corporate Existence.

Subject to Section 7.1 The IESO will at all times maintain its corporate existence.

Commented [LS23]: Deleted s. 7.1 as n/a in this context

Commented [WT24R23]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the OFA or the Province of Ontario.

Commented [LS25]: Keep?

SH: To discuss futher with Lisa.

Section 4.43 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Commented [LS26]: Should we include a timeline? E/g within X business days of request?

Commented [SH27R26]: No specific timeline required, but should be done "promptly"

Section 4.~~9~~8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~.~~;

Commented [LS28]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [SH29R28]: Next section (c) deleted, since original 4.1 also deleted as being redundant. Failure to pay now strictly addressed under 5.1(b)

~~(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;~~

(~~d~~c) ~~———~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(d~~e~~) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(f~~g~~) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
CONSOLIDATION, AMALGAMATION, MERGER OF IESO

Commented [LS30]: N/A in context of IESO

Commented [WT31R30]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

Section 7.1 Certain Requirements in Respect of Merger, etc.

The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.

Section 7.2 Successor Substituted.

Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.

ARTICLE 8
GENERAL

Commented [LS32]: Change numbering throughout and references if applicable

Commented [SH33R32]: Keep 'as is' since keeping Article 7.

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS34]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day is _____;
(b) The aggregate amount of the proposed election is $_____;
    i. previous principal amount $_____
    ii. interest $_____
(c) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT35]: Confirmed with Carlos that he prefers the previous wording.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From: Salman Qadir
To: Lisa Stein; Sarah Harris
Cc: Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date: Friday, June 23, 2017 4:33:27 PM
Attachments: OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

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Hi Sarah/Lisa,

I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do they just EFT the funds to us based on their election notice?

Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris

Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

Commented [SQ25R4]: If it is also medium term, please provide language around defining what "short-term" vs. "medium-term" would be.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SQ26]: Is this sufficient timing on our end? Typically it is 5 business days, but maybe we can say at least 3-business days?

Commented [SH7]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [SH8]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH9]: Think this should just be the Advance.

~~Advance;~~ (bc~~b~~) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (cd~~c~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH10]: Deleted (b), since this is reflected in (d)

Commented [LS11]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH12R11]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS13]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH14R13]: Done

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS15]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS16]: Change numbering throughout and references if applicable

Commented [SH17R16]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

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SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~b~~) The new aggregate total amount of the proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~~~c~~) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH18]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Lisa Stein
To:	Sarah Harris; Salman Qadir
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 4:12:10 PM

Hi Salman,

In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me

know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	Lisa Stein
To:	Sarah Harris
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 3:57:06 PM

I agree with the deletion of the word "Continued" as noted below. I'll get back to you shortly regarding the rest of the amendments.

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

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Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

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Particularly, could please review the election notice language and comment if you think it is now

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I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: Sarah Harris
Cc: William Tan
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date: Friday, June 23, 2017 3:54:30 PM

Hi Sarah,

I agree with your responses to Toby (note that you require a space after the new "or"), and I agree that you should confirm Toby has no further comments re: Use of Proceeds. Have you received comments from Salman regarding this as well? I am in the process of reviewing the other draft that you sent.

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 3:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

It looks like Toby only had 3 comments. I've included my answers, but would have you review as well before we respond to Toby. I think we should also confirm Toby has no further comments on the Use of Proceeds.

Thanks,
Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 2:24 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]

Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 3:33:03 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2 Toby).doc

Hi Lisa,

It looks like Toby only had 3 comments. I've included my answers, but would have you review as well before we respond to Toby. I think we should also confirm Toby has no further comments on the Use of Proceeds.

Thanks,
Sarah

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Friday, June 23, 2017 2:24 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein

Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

Commented [SH2R1]: This doesn't replace the existing facility (although the existing facility is being reduced from $975m to $475M). This is a new facility specifically purposed for the FHP.

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS3]: Business decision. Delete as per other comments?

Commented [WT4R3]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS5]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS6]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT7R6]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH8]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

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Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS9]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS10]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT17]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS18]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS19]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT20]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS21]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

(3)(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(4)(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(5)(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.21 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.32 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.32 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS22]: Why was this changed? Appears redundant.

Commented [WT23R22]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS24R22]: Add back original language (pre-amendment)

Commented [LS25]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS26]: Deleted s. 7.1 as n/a in this context

Commented [WT27R26]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW28]: Wording?

Commented [SH29R28]: Agree. Need to add "or"

Commented [LS30]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW31]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Commented [SH32R31]: OK. We can ask IESO.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon ~~the~~ any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) ~~——~~failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022~~-~~;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~d~~c) ~~——~~failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~f~~e) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS33]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS34]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS35]: N/A in context of IESO

Commented [WT36R35]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~e~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:58:02 PM
Attachments:	Blacklined vs OFA Legal version 12 38 pm.docx OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein

Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4R3]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [SH10]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH17]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [SH21]: Think this should just be the Advance.

Commented [WT22]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH23]: Deleted (b), since this is reflected in (d)

~~Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~,~~ ~~[including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~-~~shall be determined in ~~accordance with~~the same manner as an Advance as set out in Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [LS24]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS25]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH26R25]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS27]: Why was this changed? Appears redundant.

Commented [WT28R27]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS29R27]: Add back original language (pre-amendment)

Commented [LS30]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH31R30]: Done

Commented [LS32]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Commented [LS33]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS34]: Mof Legal to confirm relvant?

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS35]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~)d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS36]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS37]: Change numbering throughout and references if applicable

Commented [SH38R37]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is ~~_____;_____;~~ [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS39]: See comments in agreement and amend for consistency once details are determined

Commented [WT40]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT41]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH42]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

Commented [SH7]: Think this should just be the Advance.

~~Advance;~~ (b~~c~~b) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH8]: Deleted (b), since this is reflected in (d)

Commented [LS9]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH10R9]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS11]: Fix formatting/numbering and amend any corresponding numbering.

The IESO will at all times maintain its corporate existence.

Commented [SH12R11]: Done

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS13]: Mof Legal to confirm relvant?

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS14]: Change numbering throughout and references if applicable

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If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~c~~) The new aggregate total ~~-~~amount of the ~~-~~proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~) The new Repayment Date, being a Business Day, ~~-~~applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH16]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Sarah Harris
To:	Lisa Stein
Cc:	William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:43:51 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v6 Documentation .doc Blacklined vs OFA Legal version 1238 pm.docx

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains

information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"Continued Advance" means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

Commented [LS1]: To be confirmed.

Commented [SH2R1]: I amended to include interest to be consistent with wording under section 3.3

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

"Grid Note" a grid promissory note in respect of Advances substantially in the form of Schedule 3.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any

property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS3]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [SH4]: Could IESO please confirm if this is short term or short to medium term.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Commented [SH5]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

Commented [SH6]: Changed per Carlos' description of how advance works and converstation with Lisa

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ ~~(b) the Repayment Date of the proposed Continued~~

~~Advance;~~ (b~~c~~~~b~~) the new aggregate total amount of the proposed Continued Advance~~[including accrued interest];~~ and (c~~d~~~~c~~) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance as set out in ~~accordance with~~ Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

~~(3)~~ (3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Commented [SH7]: Deleted (b), since this is reflected in (d)

Commented [LS8]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH9R8]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

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Section 4.2 IESO will Maintain its Corporate Existence.

Commented [LS10]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH11R10]: Done

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

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Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

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The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c),

provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO’s failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

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or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

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Commented [LS13]: Change numbering throughout and references if applicable

Commented [SH14R13]: done

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____ _____; [Insert principal amount of Advance and Advance date];
~~(b) The Repayment date of the Advance to which the election request applies, date of the proposed election, being a Business Day is _____; [insert Repayment Date of Advance];~~
(b~~b~~) The new aggregate total amount of the proposed ~~election~~ Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(c~~d~~e) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [SH15]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of the prinicipal amount such Advance and any amount of interest on such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS1]: Business decision. Delete as per other comments?

Commented [WT2R1]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS3]: To be confirmed.

Commented [SH4R3]: I amended to include interest to be consistent with wording under section 3.3

"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" ~~mean~~means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP. Generally accepted accounting principles refer to.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [SH10]: Could IESO please confirm if this is short term or short to medium term.

Commented [LS11]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT12R11]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS13R11]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance ~~(~~and any amount of interest on such Advance (together, the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Advance to which the election request applies~~;~~ (b) the ~~Repayment Date of the proposed Continued~~

Commented [LS14]: Make sure definition updated.

Commented [WT15]:

Commented [WT16R15]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [SH17]: Does this need any tweeking to take into account our definition of "Continued Advance" under 3.2 (2)?

Commented [WT18]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS19]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [SH20]: Changed per Carlos' description of how advance works and converstation with Lisa

Commented [WT21]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH22]: Deleted (b), since this is reflected in (d)

~~Advance, (c) the~~ new aggregate total amount of the proposed Continued Advance~~,~~ ~~[including accrued interest];~~ and (~~d~~c) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance ~~-~~shall be determined in ~~accordance with~~the same manner as an Advance as set out in Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

Commented [LS23]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [LS24]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Commented [SH25R24]: Changed per discussion with Lisa, based on Carlos' description of application of interest rate.

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~1~~2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.~~2~~3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~2~~3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or

Commented [LS26]: Why was this changed? Appears redundant.

Commented [WT27R26]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS28R26]: Add back original language (pre-amendment)

Commented [LS29]: Fix formatting/numbering and amend any corresponding numbering.

Commented [SH30R29]: Done

Commented [LS31]: Fix formatting/numbering and amend any corresponding numbering.

the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.~~3~~4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~4~~5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~5~~6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~5~~6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~5~~6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other

Commented [LS32]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [LS33]: Mof Legal to confirm relvant?

Indebtedness secured by Liens permitted pursuant to this Section 4.~~5~~6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~6~~7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~7~~8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~8~~9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

Commented [LS34]: Why was this language changed? Failure to pay principal amount addressed below.

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(~~c~~d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

Commented [LS35]: Correct numbering

(~~d~~e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(~~e~~f) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(~~f~~g) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~g~~h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending,

or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE ~~8~~7
GENERAL

Section ~~8~~7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

Commented [LS36]: Change numbering throughout and references if applicable

Commented [SH37R36]: Keep 'as is' since keeping Article 7.

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section ~~8~~7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section ~~8~~7.1.

Section ~~8~~7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section ~~8~~7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section ~~8~~7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section ~~8~~7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section ~~8~~7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section ~~8~~7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section ~~8~~7.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is ~~_____;_____;~~ [Insert principal amount of Advance and Advance date];
(b) The ~~Repayment date of the Advance to which the election request applies, being a Business Day is _____; [insert Repayment Date of Advance];~~
~~(c) The~~new aggregate total amount of the proposed ~~election~~Continued Advance is $_____;
i. previous principal amount of Advance [or portion thereof] $_____
ii. accrued interest on Advance [or portion thereof] $_____
(~~d~~c) The new Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Commented [LS38]: See comments in agreement and amend for consistency once details are determined

Commented [WT39]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT40]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Commented [SH41]: Adjusted to reflect amended language under 3.3(2). Lisa, please review.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Whitfield, Tobias P. (MOF)
To:	Lisa Stein; Sarah Harris
Cc:	William Tan
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 2:25:04 PM
Attachments:	OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev (2).doc

Lisa – please see my comments attached.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: June 23, 2017 12:38 PM
To: Harris, Sarah (OFA)
Cc: Tan, William (OFA); Whitfield, Tobias P. (MOF)
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: July (·), 2017)

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of July 2017,

BETWEEN:

INDEPENDENT ELECTRICTY SYSTEM OPERATOR, a statutory corporation without share capital existing under the *Electricity Act, 1998* (the "IESO")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "OFA" and together with the IESO, the "Parties")
((as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of CAD $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP").

Commented [TPW1]: Doesn't this also replace earlier facility, so for the existing purposes as well?

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

“Advances” means advances made by the OFA to the IESO under Article 3 and “Advance” means any one of such advances

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or **"$**" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

“Continued Advance” means an Advance for which the IESO has elected to continue all or a portion of such Advance past the Repayment Date.

“Credit Facility” means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.3.

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

“GAAP” means accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis.

“Grid Note” a grid promissory note in respect of Advances substantially in the form of Schedule 3.

Commented [LS2]: Business decision. Delete as per other comments?

Commented [WT3R2]: IESO $60 million Credit Facility 2010, Ken Russell discussed and settled this matter with then manager Annette Pivnick. We tend to provide for future possibilities even if the entity does not have subsidiaries at the time of the agreement.

Commented [LS4]: To be confirmed.

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"**Indebtedness**" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"**Lien**" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"**Material Subsidiary**" mean, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined ~~as such time~~ in accordance with ~~generally accepted accounting principles~~GAAP.

"**Permitted Liens**" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the

Commented [LS5]: Why was this added here? Please confirm with Carlos if necessary. Otherwise delete definitions/references throughout.

Commented [WT6R5]: Swap terminations can/may incur losses. This language was added in the IESO $60 million Credit Facility Agreement 2010 and $700 million OPG Credit Facility 2017.
We would like to keep this for future credit facilities.
SH: IESO also engages in derivatives; this is relevant

Commented [SH7]: Definition should have been included in reference to subsidiaries (as it was in the IESO $60 million Credit Facility Agreement 2010).

fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to

secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

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Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP~~generally accepted accounting principles~~. Generally accepted accounting principles refer to ~~accounting policies and standards as established by the Chartered Professional Accountants of Canada, Public Sector Accounting Board at the relevant time applied on a consistent basis~~.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 ~~Regulation 423/04~~ made under the *Electricity Act, 1998*, subject to the following conditions:

(1) Proceeds of Advances may be used only for short term financing requirements due to cash flow timing differences incurred as a result of the IESO's role in the implementation and administration of the ~~Ontario Fair Hydro Plan Act, 2017~~OFHP.

(2) The IESO is expected to recover or repay the proceeds for each Advance over a period of no more than 12 months from the date of such Advance."

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

Commented [LS8]: This reg is revoked (re: OPA). Also add reference to new regulation under OFHP?
-, added reg 208/14 under Electricity Act – borrowing authority for IESO.

Commented [LS9]: As per internal e-mail chain. IESO to confirm - Short to medium?

Commented [LS10]: Confirm? Is it appropriate that IESO will provide instructions or should method be at OFA's discretion?

Commented [WT11R10]: This is consistant with other agreements. This is a back office function where IESO provides OFA with destination wire transfer account information. Am I understanding your question correctly?

Commented [LS12R10]: Okay

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the Interest Act (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the ~~Short Term~~ Credit Facility from time to time on any Business Day prior to September~~August~~ 23~~31~~, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "Borrowing Notice") shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 7 days and not later than 95 days after the date of the requested Advance. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "Grid Note"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance, including any Advance for which all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance (the "Continued Advance") for a further period of 7 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to ~~election to~~ continue an Advance for a further period (an "Election Notice") shall be ~~made~~ provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the Continued Advance, and ~~notice given,~~ in each case, not later than 10:00 a.m. (Toronto time) ~~by the IESO to the OFA~~. Each such Election N~~n~~otice ~~(an "Election Notice")~~ shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the ~~requested date of the proposed election~~Advance to which the election request applies; ~~,~~ (b) the Repayment Date of the proposed Continued Advance, (c~~b~~) the new aggregate total ~~principal election~~

Commented [LS13]: Make sure definition updated.

Commented [WT14]:

Commented [WT15R14]: Confirmed last advance will be 7 calendar days before the CF agreement expires.

Commented [WT16]: Discussed the language with Carlos Yep. He is satisfied that Section 3.3.2 and 3.3.3 provides choice of either repayment or advance for a further period. The reset rate would apply to the portion that is extended. Unless I'm not understanding the question.

Commented [LS17]: This section and accompanying form needs further consideration/amendments. Need to add a provision re: interest rate for any such extension if applicable (unless treated as a late payment). LEGAL to review again.

Commented [LS18]: Once this section is finalized, please ensure Election Notice is consistent.

Commented [WT19]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

amount of the proposed Continued Advance, [including accrued interest]; and (de) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 7 days and not later than 95 days after the current Repayment Date. If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) The calculation of interest on a Continued Advance shall be determined in accordance with Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

Commented [LS20]: NTD: As discussed please clarify calculation of interest on Advance continued by election in Section 3.4.

Formatted: List Paragraph, No bullets or numbering

~~(3)~~(4) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

~~(4)~~(5) The Credit Facility shall at all times rank pari passu with all other unsubordinated Indebtedness of the IESO, subject to the existence of any Permitted Liens of the IESO.

~~(5)~~(6) All amounts owing in respect of the Advances shall be paid without exercising any right or set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the IESO to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.~~2~~1 IESO will Maintain its Corporate Existence.

~~Subject to Section 7.1~~ The IESO will at all times maintain its corporate existence.

Section 4.~~3~~2 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair an working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.~~3~~2 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Commented [LS21]: Why was this changed? Appears redundant.

Commented [WT22R21]: I believe this was in a recent agreement. But fair comment. Agreed and amended.

Commented [LS23R21]: Add back original language (pre-amendment)

Commented [LS24]: Fix formatting/numbering and amend any corresponding numbering.

Commented [LS25]: Deleted s. 7.1 as n/a in this context

Commented [WT26R25]: Addressed/settled with Ken Russell and Annette Pivnick in 2010 for the IESO $60million credit facility. "Past practice has been to included this language even if not relevant at the present time'. Our preference is to keep this.

Commented [TPW27]: Wording?

Commented [LS28]: Mof Legal to confirm relvant?

SH: To discuss futher with Lisa.

Commented [TPW29]: I don't know how this would operate in practice. I don't know anything about what kind of property IESO may have, or even if they have any real property beyond leases or personal property beyond office equipment etc… I think that this would be a question for IESO or the Ministry of Energy.

Section 4.~~4~~3 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.~~5~~4 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.~~6~~5 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.~~6~~5(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.~~6~~5(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.~~6~~5(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.~~7~~6 Payment of OFA Expenses

In addition to any liability of ~~-~~the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.~~8~~ 7 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.~~9~~ 8 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon the any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(dc) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(de) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(fe) one or more breaches by the IESO of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(fg) the IESO or any Material Subsidiary :

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy I insolvency I reorganization or

Commented [LS30]: Why was this language changed? Failure to pay principal amount addressed below.

Commented [LS31]: Correct numbering

relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (h)(i) to (iii); or

(~~h~~g) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and
(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by- laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

~~**ARTICLE 7**~~
~~**CONSOLIDATION, AMALGAMATION, MERGER OF IESO**~~

~~**Section 7.1 Certain Requirements in Respect of Merger, etc.**~~

~~The IESO may not and may not cause any Material Subsidiary, in a single transaction or a series of related transactions, amalgamate or consolidate with or merge into any other Person, or permit any other Person to amalgamate or consolidate with or merge into the IESO or the Material Subsidiary, or directly or indirectly transfer, sell, lease or otherwise dispose of all or substantially all of its property or assets (a "Disposition") to any Person without the written consent of its shareholder, the OFA.~~

~~**Section 7.2 Successor Substituted.**~~

~~Upon any consolidation, amalgamation, merger or Disposition described in, and complying with the provisions of, Section 7.1 in which the IESO is not the continuing corporation, the successor Person shall succeed to all of the rights and obligations of the IESO under this Agreement, and from time to time may exercise every right and power of the IESO under this Agreement.~~

ARTICLE 8
GENERAL

Section 8.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Fascimile: (905)403-6913

Commented [LS32]: N/A in context of IESO

Commented [WT33R32]: Past practice has been to include this language even if not relevant at the present time

SH: Prefer to keep

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Commented [LS34]: Change numbering throughout and references if applicable

Commented [SH35R34]: Keep 'as is' since keeping Article 7.

If to OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7AIY7

Attention: Executive Director – Capital Markets Division
Telephone: (416)325-8930
Telecopier: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 8.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 8.1.

Section 8.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 8.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the IESO.

Section 8.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 8.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 8.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 8.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 8.8 Counterparts.

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

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 7 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The undersigned herby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s):

(1) [indicate amount and purpose of funds requested]
(2) [indicate amount and purpose of funds requested]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Commented [LS36]: See comments in agreement and amend for consistency once details are determined

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated July (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue all or a portion of an Advance for an additional term, and in connection with such election, sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The Advance to which the election request applies is _____; [Insert principal amount of Advance and Advance date];
(b) The Repayment date of the Advance to which the election request applies, ~~date of the proposed election,~~ being a Business Day is _____; [insert Repayment Date of Advance];
(c~~b~~) The aggregate amount of the proposed election is $_____;
i. previous principal amount $_____
ii. interest $_____
(d~~c~~) The new Repayment Date applicable to such Advance is _____. [Not earlier than 7 days and not later than 95 days after the current Repayment Date for the Advance.]

Commented [WT37]: Confirmed with Carlos that he prefers the previous wording.

Commented [WT38]: Lisa, I confirmed this w/ Carlos and he is satisfied with the original wording. Below is how they use the fields.
Schedule 1 (a) Advance date/settlement date of funds.
Schedule 2 (a) Maturity date of the previous advancement.
Schedule 2(c) New maturity date of extention.

SH: This wording is based on the language of Amending Agreement #9 of the original OPA-OFA 975m credit facility agreement.

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per:_____
Name:

Authorized Signatory

SCHEDULE 3
INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "IESO"), incorporated under the laws of the OFA of Ontario and having its principal office and place of business at Toronto, Ontario, PROMISES TO PAY to or to the order of ONTARIO FINANCING AUTHORITY ("OFA") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid (the "Grid Note") attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be prima facie evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated July (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Credit Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICTY SYSTEM OPERARTOR

By:_____

By:_____

Credit Facility Grid Note

Date	Principal Advanced	Rate	Repayment Date and Principal Repaid	Interest Payment Date and Amount	Unpaid Principal Balance	Notation Made By

From:	Salman Qadir
To:	Sarah Harris; Lisa Stein
Cc:	Bruno Amara; John Kim; William Tan; Tobias P. Whitfield (MOF)
Subject:	RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Date:	Friday, June 23, 2017 5:00:00 PM

Thanks Sarah.

Just sending this email to follow-up on our conversation. I was referring to the mechanism as to how IESO pays back their advances, which has been pointed out to me is section 2.6.2. So all is good.

Regards,
Salman

From: Sarah Harris
Sent: Friday, June 23, 2017 4:55 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

Thanks so much for reviewing. I will remove the question to IESO regarding whether medium term financing should be included.

Two days processing is what is included in the current $975 million facility (in the original facility it was actually one day, but in amending agreement #9 we extended to two days). So this should be okay.

The agreement does not specify a prepayment option for IESO; is this something we should be looking to include?

Thanks,
Sarah

From: Salman Qadir
Sent: Friday, June 23, 2017 4:33 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Sarah/Lisa,

I took a quick look through (for the sake of time) and made 2 minor comments. I didn't review the conditions precedent etc as they appear to be pretty standard and this agreement is similar to $975 million agreement.

- We decided to leave use of proceeds to say short-term and let IESO tell us otherwise. If we are going to ask them explicitly to confirm whether its short-term or also medium term, we should ask for them for some language on definition. The Directive says "short-term to medium-term", so we would not be offside the Directive if we continue to only say "short-term".
- Is a 2-day notice sufficient for our processing purposes? Typically, its 5 business days but maybe we can ask for 3 business day notice at the least?

One detail I may have missed but didn't see was how does IESO pay us back on the advance? Do they just EFT the funds to us based on their election notice?

Regards,
Salman
416-325-1422

From: Lisa Stein
Sent: Friday, June 23, 2017 4:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

In particular, can you please review Section 2.2 "Use of Proceeds"?

Thank you,

Lisa

From: Sarah Harris
Sent: Friday, June 23, 2017 4:02 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Salman,

As discussed, we've been drafting up to the 11th hour to try to get this to IESO by end of day today. We're still putting on the final touches, but if you wouldn't mind taking a look at this draft to ensure that it is consistent with FHP purposes, and is consistent with the Directive, that would be great. My apologies for the short notice.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:58 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc

Hi Lisa,

My apologies – in addition to the changes below, I noted one more change.

Under 3.3(2), I took out the word Continued in the first sentence, as I think is the accurate intention

Each notice to continue an Advance for a further period (an "Election Notice") shall be provided by the IESO to the OFA at least two Business Day's prior to the Repayment Date of the ~~Continued~~ Advance, and in each case, not later than 10:00 a.m. (Toronto time).

Otherwise, there are no other changes from my last version.

Thanks,
Sarah

From: Sarah Harris
Sent: Friday, June 23, 2017 2:44 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-

rev.doc

Hi Lisa,

Please find attached the revised draft, based on our conversation (I also included the blacklined comparison directly against your 12:38 p.m. version, for your reference).

Particularly, could please review the election notice language and comment if you think it is now consistent with the new wording of section 3.3 (2). I also note Toby's comments are for clarification and do not change the drafting of your previous version, so we're okay to work off this version for further edits.

I am available at 647-278-9718 at any time.

Thanks,
Sarah

From: Lisa Stein
Sent: Friday, June 23, 2017 12:38 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal - Documentation Comments-rev.doc
Importance: High

Hello all,

Please see most recent draft, based on my discussion this morning with Sarah Harris. Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 3:09:36 PM

Hi Will,

Toby and I are putting together a list of outstanding issues in relation to this file and additional discussion will be required. Can you please set up a placeholder call for tomorrow afternoon with Toby and myself, as well as everyone I previously suggested?

Thank you,

Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

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I do want to copy Ken and Mike to ensure that they are onside, as well.

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John

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Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

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Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

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> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
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From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 2:35:36 PM

DRAFT:

Hi Will,

Based on the e-mails to date, I understand that the OFA decision makers (i.e. Ken K., Mike M.) have considered the OFA Lending Policy as well as the insolvency and operational risks (as per my earlier e-mail below), and have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby nor I were part of the aforementioned call, I wanted to clarify that this loan is NOT the same as other OFA unsecured loans to public bodies, as the protection provided by the "intercept" provisions of the standard loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). My understanding is that, although the intercept provisions allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement, these amounts are minimal. Before proceeding, I would like to ensure that this point has been considered (and perhaps has already been considered by Ken K. in his explanation below). Please confirm.

Please let me know if you would like to discuss further. In the meantime, Toby and I are still working on some technical legal issues in relation to the intercept provisions and requirements of the OFA Lending Policy.

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

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From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>
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Regards, Mike

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Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

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Ken k

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Sent: Tuesday, August 08, 2017 10:21 AM
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Subject: FW: Policy question re OFHP Credit Facility Agreement

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Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

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Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

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In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
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416-325-2320

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Tobias P. Whitfield (MOF)
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Tuesday, August 08, 2017 11:37:31 AM

Based on the responses from John, Ken, and Mike M. it appears that going forward with an unsecured loan is appropriate under the circumstances. However, someone needs to make a business decision and provide legal with written instructions. I expect we will have greater clarify following our call this afternoon.

From: William Tan
Sent: Tuesday, August 08, 2017 11:15 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Ken's reply.

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

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From:	Lisa Stein
To:	John Kim; William Tan; Bruno Amara
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Ken Kandeepan; Mike Manning; Tobias P. Whitfield (MOF)
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 3:47:17 PM

Thank you. I agree that Ken and Mike should weigh in before we proceed.

Lisa

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
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From:	John Kim
To:	William Tan; Bruno Amara
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Lisa Stein; Ken Kandeepan; Mike Manning
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 3:41:54 PM

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise

directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> - **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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message, including any attachments, without reading it or making a copy. Thank you.
****

From:	William Tan
To:	Bruno Amara; John Kim
Cc:	Sarah Harris; Sarah Neville; Jean-Francois Beaupre; Lisa Stein
Subject:	RE: Policy question re OFHP Credit Facility Agreement
Date:	Friday, August 04, 2017 3:23:45 PM

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)? This decision ultimately needs to be made by business/policy people.

- **If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.

- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: RE: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 5:03:22 PM

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations. My understanding is that the IESO is consolidated with the Province's books, but that may not mean that the Province is liable for all of IESO's obligations. However, I am not sure about the underlying facts.

In light of these issues it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 8, 2017 2:36 PM
To: Whitfield, Tobias P. (MOF)
Subject: RE: Policy question re OFHP Credit Facility Agreement

DRAFT:

Hi Will,

Based on the e-mails to date, I understand that the OFA decision makers (i.e. Ken K., Mike M.) have considered the OFA Lending Policy as well as the insolvency and operational risks (as per my earlier e-mail below), and have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby nor I were part of the aforementioned call, I wanted to clarify that this loan is NOT the same as other OFA unsecured loans to public bodies, as the protection provided by the "intercept" provisions of the standard loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). My understanding is that, although the intercept provisions allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement, these amounts are minimal. Before proceeding, I would like to ensure that this point has been considered (and perhaps has already been considered by Ken K. in his explanation below). Please confirm.

Please let me know if you would like to discuss further. In the meantime, Toby and I are still working on some technical legal issues in relation to the intercept provisions and requirements of the OFA Lending Policy.

From: William Tan
Sent: Tuesday, August 08, 2017 1:47 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

---

From: Mike Manning
Sent: Tuesday, August 08, 2017 1:46 PM
To: William Tan <William.Tan@ofina.on.ca>

Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi William:
I'm in agreement as per our phone call with Opal & Sarah and with Ken's thoughts as well.

Regards, Mike

From: William Tan
Sent: Tuesday, August 08, 2017 12:51 PM
To: Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Hello Mike,

Based on Ken's response would you still like me to arrange a call?

Thanks,

Will

From: Ken Kandeepan
Sent: Tuesday, August 08, 2017 10:47 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Siva Nathan <Siva.Nathan@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Will

I am little confused here, yes its unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.

As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation.

Thanks and I am cc'ing Siva and John the former is responsible for the OFA and the latter for the implementation of the Fair Hydro plan.

Ken k

From: William Tan
Sent: Tuesday, August 08, 2017 10:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: Policy question re OFHP Credit Facility Agreement

Good morning Ken,

I hope you enjoyed the long weekend.
Do you agree with the current structure of the credit facility as unsecured?

Or would you like some additional back ground regarding this matter?

Thanks,

Will

From: John Kim
Sent: Friday, August 04, 2017 3:42 PM
To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

From: William Tan
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To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

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From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

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I have some additional information pertaining to the structure of the OFA loan to IESO re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

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In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> - **If yes,** the next draft of the agreement will be available in the next day or so to send

to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.

- **If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From:	John Kim
To:	Lisa Stein; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:16:28 PM

Hi Lisa,

I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:

We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.

The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?

The Minister, I understand, is away until September.

Happy to chat or hear comments.

Thanks,

John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the

required Ministerial direction waiving the Policy requirement to include these provisions.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We

will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated

funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*
>
> *Best regards,"*

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing

credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: Policy questions re OFHP Credit Facility Agreement
>
> Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss

further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement

Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the

IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Lisa Stein
To:	Sarah Harris; Bruno Amara; John Kim
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 10:57:53 AM

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

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From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

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Thank you,

Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

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Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Tobias Whitfield
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Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Whitfield, Tobias P. (MOF)
To: Lisa Stein
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 10:02:39 AM

Lisa – I have tweaked my email below, but otherwise I am happy.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 9, 2017 9:55 AM
To: Whitfield, Tobias P. (MOF)
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

DRAFT

Hi Sarah H. and Will,

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Lisa

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Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

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Ministry of Finance
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From:	Lisa Stein
To:	Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:57:38 AM

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning

<Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

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Sent: Thursday, August 10, 2017 11:56 AM
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Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

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In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

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Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

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> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
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Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

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General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

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Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning

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Subject: Re: Policy questions re OFHP Credit Facility Agreement

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Thanks

Ken k

Sent from my iPhone

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>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara

<Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
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Lisa

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Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a

security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how

will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Ken Kandeepan
To:	Sarah Harris
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:39:59 AM

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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Bruno

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Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the

inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how

does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He; Anna Strathy
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Friday, August 11, 2017 9:34:53 AM

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
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To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

> The steps of the transaction would be:
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> 1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
> 2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
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> 4 – The IESO repays the OFA for the loan.
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> Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the*

existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning

<Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara

<Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
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Tobias Whitfield
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Phone: 416-325-1456

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protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

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Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying

facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

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From:	Sarah Harris
To:	Ken Kandeepan
Cc:	Lisa Stein; Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Thursday, August 10, 2017 11:55:51 AM
Attachments:	OFA Lending Policy Final (April 16 2010).pdf

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

> The steps of the transaction would be:
>
> 1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
> 2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
> 3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
> 4 – The IESO repays the OFA for the loan.
>
> Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
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OFA LENDING POLICY

Approved:	**April 11, 2008**
Revised and approved:	**April 16, 2010**

SCOPE

The Ontario Financing Authority (OFA) is a crown corporation that has the statutory authority to lend to public bodies under the *Capital Investment Plan Act (CIPA).*

Public bodies are defined in CIPA as Crown agencies, hospitals and any other facilities receiving capital funding from the Minister of Health and Long-Term Care, municipalities, universities that receive operating funds from the Province, colleges of applied arts and technology, school boards, and any other entity named or described as a public body in the regulations which as of this date include the Deposit Insurance Corporation of Ontario, the Ontario Pension Benefits Guarantee Fund and the Law Society of Upper Canada and the Ontario Power Authority.

This policy addresses lending activities to public bodies undertaken where the OFA is acting as an intermediary on behalf of the Province.

AMENDMENTS

This policy replaces the OFA lending policy that was approved by the OFA Board of Directors on April 11, 2008.

Any amendments or exceptions to this policy must be approved by the OFA Board of Directors.

POLICY FRAMEWORK

On June 21, 2007, the government approved a new framework for financing public bodies that are consolidated on the Province's financial statements. Consolidated public bodies include school boards, colleges, hospitals and corporations, boards and commissions.

Generally, the policy framework mandates the OFA to provide long-term financing for capital purposes to school boards, colleges and hospitals, as well as to Provincial corporations, boards and commissions who borrow as agents of the Crown, where the financing is recommended by the responsible ministry.

The policy framework also mandates the OFA to charge a cost recovery rate for all loans to public bodies, and a proxy commercial rate where the project is deemed to be commercial in nature. Determinations as to the nature of the project are to be made by the OFA in consultation with the recommending ministry.

TYPE OF FINANCING

The policy framework mandates the OFA to provide long-term financing to public bodies, which will be undertaken on a fixed rate or variable rate basis. Except where the Minister of Finance, Treasury Board or Cabinet determines there is a significant benefit to the public body or to the Province, the OFA will not provide:

1. Short-term financing for operating or working capital purposes.

2. Construction financing where capital projects require significant project monitoring expertise to keep construction running on time and on budget.

3. Financing to consolidated corporations, boards and commissions that are not Crown agents.

LOAN APPROVALS

1. The OFA will only advance a loan to a public body where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body.

2. Where the Minister of Finance, Treasury Board or Cabinet expressly directs or approves the OFA to advance a loan to a public body, no further Board approval is required.

3. The OFA Board shall annually review a borrowing and on-lending plan (the OFA's Annual Borrowing and On-Lending Plan), which shall include the OFA's annual borrowing requirements from the Province and projected on-lending activities to Ontario public bodies for the year. As part of its review, the OFA Board shall approve the OFA's cost recovery spread and proxy commercial interest rate spreads related to the OFA's annual lending activities to public bodies.

4. The OFA Board will be advised at its next regularly scheduled meeting of any deviations from the OFA's Annual Borrowing and On-Lending Plan.

LENDING DIRECTIVE

The OFA will prepare an annual lending directive for the Minister of Finance's consideration based on the proposed loans in the OFA's Annual Borrowing and On-Lending Plan which require consent under Section 28 of the *Financial Administration Act* ("FAA") or which are to be made to School Boards. The lending directive will expressly direct or approve the OFA to advance these loans to public bodies for the fiscal year. The lending directive will include the maximum authorized amount of the loans to individual borrowers or the maximum amount of all the loans to a group of borrowers, such as School Boards or Community Colleges, and where possible, the borrower's name and the specific purpose(s) for which the loans are required, with the other terms and

conditions of the loans being delegated to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them for approval.

The OFA will prepare specific lending directives for consideration by Minister of Finance for proposed loans in the the OFA's Annual Borrowing and On-Lending Plan which do not require consent under Section 28 of the FAA, other than loans to School Boards, at the time that the requests for the OFA to enter into such loans are being processed.

CONDITIONS PRECEDENT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, and prior to the OFA making any loan to a public body, the OFA will:

1. Receive and review the public body's loan request as submitted and recommended by the responsible ministry.

2. Determine the public body's ability to repay the loan by relying on information submitted by the responsible ministry and public body, which may include information on the capital project, business case, cash flow projections and audited financial statements, and such other information as may be required.

3. Where required, ensure that the responsible ministry or public body has obtained prior written approval for the proposed loan pursuant to Section 28 of the FAA. The CEO of the OFA will not act as the delegate of the Minister of Finance to provide approval under Section 28 of the FAA for a loan when the OFA is the lender.

4. Evaluate the underlying risk of the project in order to determine if the project is commercial in nature, and if so establish an appropriate proxy commercial basis points spread to charge the public body as approved by the OFA Board (see "Proxy Commercial Rate").

5. Enter into a loan agreement with the public body containing terms and conditions consistent with the lending directive and satisfactory to the CEO of the OFA or the Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA, or a person designated by either of them , including appropriate (i) positive and negative covenants of the public body, (ii) representations and warranties by the public body, (iii) conditions precedent, (iv) remedies upon default provisions, (v) reporting provisions, (vi) event of default provisions, and (vii) intercept provisions.

6. Ensure that it has an appropriate intercept in place for the loan (see "Intercept").

SECURITY

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision, as provided below) in respect of loans made by the OFA to public bodies.

INTERCEPT

Except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet:

1. Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

2. Prior to recommending to the Minister of Finance that the intercept be exercised, the OFA will raise the issue with the responsible ministry and seek the ministry's support in getting the public body to pay the amounts owing within a reasonable cure period.

3. Should the public body not cure the default within a reasonable period of time, the OFA will give written notice to the Minister of Finance, with a copy to the responsible ministry, of a public body's failure to pay under its loan agreement and requesting the deduction of amounts equal to the amounts that a public body has failed to pay under its loan agreement.

4. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to covenant and agree that, upon receipt of notice from the OFA that a public body has failed to pay in accordance with the provisions of its loan agreement, the responsible ministry will provide all information requested by the OFA respecting amounts appropriated by the Legislature for payment to the public body including the intended purpose and expected timing of such payments to be made by the responsible ministry. Upon request, the responsible ministry agrees to provide similar information to the Minister of Finance.

5. Prior to any loan agreement entered into between the OFA and a public body, the responsible ministry is to acknowledge and agree that, upon receipt of a direction from the Minister of Finance, that an amount is to be deducted from

money appropriated by the Legislature for payment to the public body, the responsible ministry will take all necessary action required by it in order to effect such deduction in accordance with the Minister of Finance's direction and pay the amount to the OFA at the time specified.

COST RECOVERY

1. The OFA will recover its lending costs by charging public bodies a rate equal to the **Province's total cost of funds**, which will include the Province's direct borrowing costs (including commissions) as well as a spread to cover all costs related to the upfront and ongoing loan monitoring and administration of the OFA's lending activities.

2. The OFA will use a **basis-points-spread (bps) based cost recovery methodology** to recover the costs of its direct borrowing and on-lending activities. The costs relate to both the upfront and ongoing loan monitoring and administration and are expressed in terms of basis points per annum and will be recovered over the term of the loan.

3. The annual basis-point spread charged to public bodies for cost recovery shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. The Capital Markets Treasury Division of the OFA, with the assistance of Internal Audit, will conduct an annual review to ensure that the cost recovery methodology is appropriate and that there are no significant under/over- recoveries that may require management's corrective action.

PROXY COMMERCIAL RATE

1. In addition to charging the Province's total cost of funds, the OFA will charge a proxy commercial basis points spread for projects that are commercial in nature in order to better reflect the costs of the underlying risk for financing of such projects. The proxy commercial basis points spread will be added to the Province's total cost of funds and recovered over the term of the loan. Loans are deemed to be commercial in nature where generally less than 50% of the operating revenues generated by the underlying project are attributable to government sources.

2. The methodology for determining proxy commercial basis points spreads (including the amount(s) of these spreads) charged to public bodies for projects deemed commercial in nature shall be approved by the OFA Board and included in the OFA's Annual Borrowing and On-Lending Plan. Proxy commercial basis points spreads will also be re-evaluated (and, if deemed necessary, reset upon approval of the OFA Board) in situations where there are significant changes to fixed income credit spreads. The OFA Corporate Finance Branch is responsible for recommending any changes to the

methodology or spread resets to the OFA Board, while the Capital Markets Division is responsible for informing the Corporate Finance Branch of any significant changes to fixed income credit spreads.

REPORTING REQUIREMENTS

1. A report outlining the status of all outstanding loans will be tabled with the OFA Board annually (the OFA's Annual Borrowing and On-Lending Plan) and at such other times as the OFA Board requests.

2. For each loan outstanding, such report will identify: the borrower, the purpose of the loan, the principal amount outstanding, and such other information as the OFA Board may request.

3. All OFA loans to public bodies will continue to be annually reported in the notes to the OFA's audited financial statements as disclosed in the OFA's Annual Report.

From:	Lisa Stein
To:	Tobias P. Whitfield (MOF)
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 4:55:58 PM

Thank you!

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Wednesday, August 09, 2017 4:20 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Let me know if that makes sense, or if I can explain the process further.

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Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Manning, Mike (OFA); Kandelas, Opal (OFA); Whitfield, Tobias P. (MOF); Tan, William (OFA); Kim, John (OFA); He, Gavin (OFA)
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Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
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> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the

inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
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Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will

be “warehoused” at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
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Phone: 416-325-1456

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To: Lisa Stein; Sarah Harris; William Tan
Subject: RE: Policy questions re OFHP Credit Facility Agreement
Date: Wednesday, August 09, 2017 4:20:19 PM

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    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Bruno Amara
To:	Sarah Harris; Lisa Stein
Cc:	Mike Manning; Ken Kandeepan; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 1:46:29 PM

Hi Sarah

Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.

But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris

Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify

that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	John Kim; Ken Kandeepan; Sarah Harris
Cc:	Bruno Amara; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; Gavin He; Anna Strathy; Kenneth Russell
Subject:	RE: Policy questions re OFHP Credit Facility Agreement
Date:	Tuesday, August 15, 2017 1:54:17 PM

Hi John,
As I've noted in my e-mail below, in order for the intercept provisions to be excluded from a loan agreement for an unsecured loan provided by the OFA to a public body, the OFA Lending Policy requires direction from the Minister, Treasury Board, or Cabinet. Toby and I have discussed the rationale that you have provided below, and we agree that it supports the business case for this direction.

Happy to discuss further.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: John Kim
Sent: Tuesday, August 15, 2017 1:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Lisa,

I was having a discussion with Ken R. on another matter (the equity injection discussion) and had a discussion with him about this issue. Here are some observations:

We know that the IESO is a public body for the purpose of the CIPA. And I understand that in the absence of this designation, the OFA would not be able to make loans to the IESO.

The intercept provision, I understand, is common in OFA loan arrangements or required under the OFA Lending Policy. Given that the intercept provision allows the OFA to access payments from the Province to OFA borrowers in the event of a default and that the IESO receives no such funding from the Province (the IESO is ratepayer-funded), would there still be any relevance in having or requiring the intercept provision? If we agree that there is no relevance, then would you reasonably arrive at the conclusion that seeking the direction from the Minister is not required?

The Minister, I understand, is away until September.

Happy to chat or hear comments.

Thanks,

John

From: Lisa Stein
Sent: Friday, August 11, 2017 9:58 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hello all. Just to clarify, the OFA Lending Policy provides that the OFA will generally lend on an unsecured basis in respect of loans made by the OFA to public bodies, unless otherwise directed. As such, no further direction/waiver is required to provide an unsecured loan to the IESO. However, the Policy also requires that, pursuant to s. 23 of CIPA, the intercept provisions (and accompanying MOU, etc.) must be included in unsecured OFA loan agreements except where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, in this case, as it has now been determined that the intercept provisions are not required, I will work with MOF Legal to obtain the required Ministerial direction waiving the Policy requirement to include these provisions.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Ken Kandeepan
Sent: Friday, August 11, 2017 9:40 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Perfect, thank you very much

Ken k

From: Sarah Harris
Sent: Friday, August 11, 2017 9:35 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Thanks for clarifying the approach on this matter.

Based on this, we will not be seeking a security interest in the Regulatory Asset and will be seeking a directive ASAP for an exemption from inclusion of the intercept provision in the $2B FHP facility. We will inform IESO that current $975 million facility will be used for funding draws until such time as we are able execute the new $2B FHP facility.

Thanks,
Sarah

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 5:12 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Sarah

Thanks for clear detailed email with good questions, however, instead of responding to each of the questions, I am going back to my earlier premise that none of the loans currently on the OFA loan book have any kind of security attached to them. A good example is the current line of credit extended to the IESO for $975 million. Given this I am very reluctant to impose a security requirement the proposed $2 billion facility to the IESO from the Province.

I understand that the security requirement which is part of the OFA lending policy can waived with ministerial approval, I suggest that it be obtained as soon as possible. If there are delays in obtaining this approval, especially since the minister will be on vacation from the end of this week onwards, I also suggest, if possible the previous facility of $975 million continue until the new facility is in place. This will allow IESO to fund any regulatory assets created in the intervening period.

I have discussed my proposed approach with Gadi, who is supportive.

Thanks

Ken k

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

<u>General Note re: Timing Impact of Intercept Provision</u>

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security

interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset. Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to

deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Andrea Dalgarno
To:	Malle Hanslep (MOF); Sarah Neville
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF)
Subject:	RE: Prom Notes
Date:	Tuesday, March 13, 2018 9:56:02 AM
Attachments:	OFA Promissory Note $2.16 billion 1997.pdf

Hi,

We have located the original Prom Note for attached (2.16 billion) and it is now in the Documentation vault for safekeeping (Settlements had it in their vault).

However, the one for the 656 million (my guess would be it was dated around April 21, 1999) is still missing in action. It may be worth double checking at the OFA legal side?

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 11:27 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Prom Notes

Here you go.

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:51 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF); Neville, Sarah (OFA)
Subject: RE: Prom Notes

Hi Malle,

All we have in Documentation is a copy of the amending OIC per attached. It refers to the form of the associated Promissory Notes being so amended.

Regards,

Andrea

From: Andrea Dalgarno
Sent: Thursday, March 08, 2018 10:35 AM

To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Prom Notes

Hi,

Can you send us a scanned copy of the 2.16 billion one? That would be helpful.

I will look at the blanket order angle..

Thank you for investigating.

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:32 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: Prom Notes

We have a signed copy of the one dated April 4, 1997 for $2.16 billion which goes with 675/97.

These OIC's were amended by a blanket Order in 2008 so may be it might be with that file?

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:12 AM
To: Hanslep, Malle (MOF); Neville, Sarah (OFA)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF)
Subject: RE: Prom Notes

Hi,

Yes we are looking for the executed promissory notes. The originals are preferred but copies of the executed notes would be helpful in case the originals are never located.

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:06 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
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Sent: Thursday, March 08, 2018 9:59 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
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Can you double check the Prom Notes (originals) at the LSB side to see if any of them match up to details above and let me know?

Regards,

Andrea

From: Sarah Harris
Sent: Monday, June 12, 2017 1:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Thank you, Sarah.

From: Sarah Neville
Sent: Monday, June 12, 2017 1:01 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Hi Sarah – I will ask for our file list/original documents list to be searched.

Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC.

Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,
Sarah

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to that paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset automatically on the last day of each ninety day period (the "Reset Date") to the rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance "on-loaned" may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this 4th day of April, 1997.

Ontario Financing Authority

per: _____
Executive Director

From:	Hanslep, Malle (MOF)
To:	Andrea Dalgarno; Sarah Neville
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF)
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 10:32:06 AM

We have a signed copy of the one dated April 4, 1997 for $2.16 billion which goes with 675/97.

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for OCC at this end) to see if any OIC is specifically mentioned. I will let you know the findings.

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Subject: RE: Prom Notes

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To:	Malle Hanslep (MOF); Sarah Neville
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF)
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 10:12:14 AM

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Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC.

Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,
Sarah

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

From:	Hanslep, Malle (MOF)
To:	Andrea Dalgarno; Sarah Neville
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF)
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 10:06:40 AM

I will take a look too, although we wouldn't have the originals, but a copy of a signed one would be good to have.

Are you looking for the promissory notes associated with both of the OIC's identified in this email stream?

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:05 AM
To: Neville, Sarah (OFA)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Hanslep, Malle (MOF); Markoulakis, Dimitri (MOF)
Subject: RE: Prom Notes

Hi,

My guess is you are correct in this regard. I tired looking at OFA legal document lists on the portal and could not identify them.

Thank you for double checking though in case.

Regards,

Andrea

From: Sarah Neville
Sent: Thursday, March 08, 2018 9:59 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: RE: Prom Notes

I am double checking again with Joan, but I think it is unlikely that we would have this in our safe. I'll let you know when I hear anything.

Sarah

From: Andrea Dalgarno
Sent: Thursday, March 08, 2018 9:50 AM
To: Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot

<Daki.Proudfoot@ofina.on.ca>
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Can you double check the Prom Notes (originals) at the LSB side to see if any of them match up to details above and let me know?

Regards,

Andrea

From: Sarah Harris
Sent: Monday, June 12, 2017 1:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Thank you, Sarah.

From: Sarah Neville
Sent: Monday, June 12, 2017 1:01 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

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From:	Andrea Dalgarno
To:	Sarah Neville
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Malle Hanslep (MOF); Dimitri Markoulakis (MOF)
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 10:04:36 AM

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From:	Sarah Neville
To:	Andrea Dalgarno; Dimitri Markoulakis (MOF)
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 9:59:07 AM

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From:	Andrea Dalgarno
To:	Dimitri Markoulakis (MOF)
Cc:	Sarah Harris; Sarah Neville; Lisa Stein; Mara Bakic; Daki Proudfoot
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 12:08:21 PM

Hi,

Typo correct 650 million is 656 million. Sorry.

Andrea

From: Andrea Dalgarno
Sent: Thursday, March 08, 2018 9:50 AM
To: Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
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Thanks,
Sarah

From:	Andrea Dalgarno
To:	Malle Hanslep (MOF)
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF); Sarah Neville
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 11:28:30 AM

Thank you very much Malle.

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 11:27 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Prom Notes

Here you go.

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:51 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF); Neville, Sarah (OFA)
Subject: RE: Prom Notes

Hi Malle,

All we have in Documentation is a copy of the amending OIC per attached. It refers to the form of the associated Promissory Notes being so amended.

Regards,

Andrea

From: Andrea Dalgarno
Sent: Thursday, March 08, 2018 10:35 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Prom Notes

Hi,

Can you send us a scanned copy of the 2.16 billion one? That would be helpful.

I will look at the blanket order angle..

Thank you for investigating.

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:32 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: Prom Notes

We have a signed copy of the one dated April 4, 1997 for $2.16 billion which goes with 675/97.

These OIC's were amended by a blanket Order in 2008 so may be it might be with that file?

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:12 AM
To: Hanslep, Malle (MOF); Neville, Sarah (OFA)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF)
Subject: RE: Prom Notes

Hi,

Yes we are looking for the executed promissory notes. The originals are preferred but copies of the executed notes would be helpful in case the originals are never located.

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:06 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
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Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Hanslep, Malle (MOF); Markoulakis, Dimitri (MOF)
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To:	Andrea Dalgarno
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF); Sarah Neville
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 11:27:05 AM
Attachments:	OFA Promissory Note $2.16 billion 1997.pdf

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:32 AM

To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: Prom Notes

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Sent: March 8, 2018 10:12 AM
To: Hanslep, Malle (MOF); Neville, Sarah (OFA)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF)
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Subject: RE: Prom Notes

Thank you, Sarah.

From: Sarah Neville
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To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

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Promissory Note

For value received, the Ontario Financing Authority (the "Borrower") promises to pay to Her Majesty the Queen in right of Ontario as represented by the Minister of Finance, Province of Ontario (the "Lender") at the City of Toronto in lawful money of Canada, the lesser of:

(i) Two Billion One Hundred and Sixty Million Dollars; and
(ii) the aggregate unpaid principal balance of all advances made by the Lender as recorded on the reverse of this note or on any attachment described below;

at such time and on such other terms and conditions including the payment of interest as follows;

(a) the Borrower shall be entitled to advances of the loan (an "Advance") in such amounts and at such times as it requires;

(b) the Borrower shall be entitled to repay Advances either in whole or in part and at such time or times as it determines provided that all Advances shall be fully repaid by August 31, 2027;

(c) the Borrower shall be entitled to use the loan as a revolving credit facility allowing for successive advances of moneys repaid under the loan; provided that the maximum principal amount of the loan outstanding at any time shall not exceed Two Billion One Hundred and Fifty-Five Million Dollars;

(d) the Borrower shall pay to the Lender interest on each Advance at a rate which is determined as follows:

(i) from the date of advance to (but excluding) the date of repayment the Borrower shall pay to the Lender interest on the Advance at a per annum rate equivalent to that paid on ninety day Province of Ontario treasury bills (determined as at the auction date immediately preceding the date of the Advance), provided that if an Advance is outstanding for ninety days or longer, the interest rate shall be reset automatically on the last day of each ninety day period (the "Reset Date") to the rate paid on ninety day Province of Ontario treasury bills as at the auction date immediately preceding the Reset Date for such ninety day period;

(ii) in the event that moneys included in an Advance are subsequently loaned by the Borrower to third parties for the purposes contemplated in the Act, (a "Third Party Loan") the rate of interest payable by the Borrower to the Lender on the portion of the Advance "on-loaned" may be adjusted at the option of the Borrower effective as of the date of the Third Party Loan so that the per annum rate of interest payable by the Borrower on such moneys is equivalent to either

(A) the per annum rate of interest payable to the Borrower under the Third Party Loan, or

(B) the per annum rate of interest payable to the Borrower under the Third Party Loan less 25 basis points,

rather than the rate specified in subparagraph (i), until (but excluding) the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently loaned to third parties again, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Lender on that portion of the Advance included in any subsequent loan, and so on, until the Advance shall be repaid to the Province in full;

The undersigned authorizes the Lender to record on the reverse of this note or on any attachment to this note all advances, repayments and prepayments of principal and interest and the unpaid balance of principal from time to time. The undersigned agrees that in the absence of manifest error the record kept by the Lender on this note or any attachment shall be conclusive evidence of the matters recorded, provided that the failure of the Lender to record or correctly record any amount or date shall not affect the obligation of the undersigned to pay the outstanding principal amount of the Advances and interest.

Dated this 4th day of April, 1997.

Ontario Financing Authority

per: _____
Executive Director

From:	Hanslep, Malle (MOF)
To:	Andrea Dalgarno
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF); Sarah Neville
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 11:20:23 AM

Yes agreed. We can follow up on the rest later.

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 11:20 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF); Neville, Sarah (OFA)
Subject: RE: Prom Notes

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From:	Hanslep, Malle (MOF)
To:	Andrea Dalgarno
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF); Sarah Neville
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 11:09:46 AM

Yes I will send a scan to you.

I know that you are working on a project to review all the OIC's and promissory notes so once you have made some headway there we may ask you to also send us copies of all of the promissory notes to date because I don't think we have the more recent ones.

Thanks

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:35 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF); Neville, Sarah (OFA)
Subject: RE: Prom Notes

Hi,

Can you send us a scanned copy of the 2.16 billion one? That would be helpful.

I will look at the blanket order angle..

Thank you for investigating.

Regards,

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From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:32 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
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Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF)
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To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

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Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF); Sarah Neville
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 10:50:33 AM
Attachments:	OIC 844-2008.pdf

Hi Malle,

All we have in Documentation is a copy of the amending OIC per attached. It refers to the form of the associated Promissory Notes being so amended.

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Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OFA");

AND WHEREAS pursuant to Order in Council 767/99 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 1883/2006 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 2144/2007 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion Dollars in lawful money of Canada to the OFA;

AND WHEREAS the Province considers it expedient to amend Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 to allow for loans from the Minister of Finance to the OFA which shall be fully repaid by the OFA by June 1, 2041 and to allow the OFA to retain up to 40 basis points on advances made by the Minister of Finance to the OFA where the OFA subsequently loans those moneys to public bodies;

THEREFORE:

1. Order in Council 675/97, as amended by Order in Council 1709/98, is hereby amended by:

(i) deleting "August 31, 2027" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points, "

2. Order in Council 767/99, is hereby amended by:

(i) deleting "August 31, 2029" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,"

3. Order in Council 1883/2006 is hereby amended by:

(i) deleting "November 1, 2032" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

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>
> until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

4. Order in Council 2144/2007 is hereby amended by:

(i) deleting "December 1, 2037" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

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5. The forms of promissory note which evidence the loans pursuant to Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 are hereby amended to reflect the above changes to the Orders in Council in respect of all amounts advanced to the OFA on or after the date of this Order.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered JUN 0 4 2008 Date

_____ Lieutenant Governor

From:	Andrea Dalgarno
To:	Malle Hanslep (MOF)
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF); Sarah Neville
Subject:	RE: Prom Notes
Date:	Thursday, March 08, 2018 10:34:32 AM

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From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC.

Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,
Sarah

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From:	Andrea Dalgarno
To:	Malle Hanslep (MOF); Sarah Neville
Cc:	Sarah Harris; Lisa Stein; Mara Bakic; Daki Proudfoot; Dimitri Markoulakis (MOF)
Subject:	RE: Prom Notes
Date:	Tuesday, March 13, 2018 10:25:43 AM
Attachments:	OIC 844-2008.pdf

Hi,

To clarify- the dating may have moved from April 21, 1999 if the 656 million prom note was adjusted for the extended final repayment date (OIC 767/99 repayment extended to June 1, 2041) per the amending OIC attached.

We have not found any evidence of an amended Prom Note for the 2.16 billion which was also pushed out by the amending OIC attached (OIC 675/97 repayment extended to June 1, 2041).

I suspect the prom notes may not have been replaced with ones with extended dates but have been unable to confirm with certainty. Although seems logical given able to locate original for unextended prom note associated with the 2.16B.

Regards,

Andrea

From: Andrea Dalgarno
Sent: Tuesday, March 13, 2018 9:56 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: Prom Notes

Hi,

We have located the original Prom Note for attached (2.16 billion) and it is now in the Documentation vault for safekeeping (Settlements had it in their vault).

However, the one for the 656 million (my guess would be it was dated around April 21, 1999) is still missing in action. It may be worth double checking at the OFA legal side?

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 11:27 AM

To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Prom Notes

Here you go.

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:51 AM
To: Hanslep, Malle (MOF)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF); Neville, Sarah (OFA)
Subject: RE: Prom Notes

Hi Malle,

All we have in Documentation is a copy of the amending OIC per attached. It refers to the form of the associated Promissory Notes being so amended.

Regards,

Andrea

From: Andrea Dalgarno
Sent: Thursday, March 08, 2018 10:35 AM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Prom Notes

Hi,

Can you send us a scanned copy of the 2.16 billion one? That would be helpful.

I will look at the blanket order angle..

Thank you for investigating.

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:32 AM

To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: Prom Notes

We have a signed copy of the one dated April 4, 1997 for $2.16 billion which goes with 675/97.

These OIC's were amended by a blanket Order in 2008 so may be it might be with that file?

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:12 AM
To: Hanslep, Malle (MOF); Neville, Sarah (OFA)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Markoulakis, Dimitri (MOF)
Subject: RE: Prom Notes

Hi,

Yes we are looking for the executed promissory notes. The originals are preferred but copies of the executed notes would be helpful in case the originals are never located.

Regards,

Andrea

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, March 08, 2018 10:06 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Subject: RE: Prom Notes

I will take a look too, although we wouldn't have the originals, but a copy of a signed one would be good to have.

Are you looking for the promissory notes associated with both of the OIC's identified in this email stream?

From: Andrea Dalgarno [mailto:Andrea.Dalgarno@ofina.on.ca]
Sent: March 8, 2018 10:05 AM
To: Neville, Sarah (OFA)
Cc: Harris, Sarah (OFA); Stein, Lisa (OFA); Bakic, Mara (OFA); Daki Proudfoot; Hanslep, Malle (MOF); Markoulakis, Dimitri (MOF)
Subject: RE: Prom Notes

Hi,

My guess is you are correct in this regard. I tired looking at OFA legal document lists on the portal and could not identify them.

Thank you for double checking though in case.

Regards,

Andrea

From: Sarah Neville
Sent: Thursday, March 08, 2018 9:59 AM
To: Andrea Dalgarno <Andrea.Dalgarno@ofina.on.ca>; Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: RE: Prom Notes

I am double checking again with Joan, but I think it is unlikely that we would have this in our safe. I'll let you know when I hear anything.

Sarah

From: Andrea Dalgarno
Sent: Thursday, March 08, 2018 9:50 AM
To: Dimitri Markoulakis (MOF) <Dimitri.Markoulakis@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Daki Proudfoot <Daki.Proudfoot@ofina.on.ca>
Subject: FW: Prom Notes

Hi,

Documentation is not holding either of the Prom Notes in its vault.

A while back, we reached out to Sarah Neville and Malle to see if they may have them but are unaware if they had any luck locating the notes.

We have an unexecuted copy of the one associated with OIC 675-97 per attached.

For the OIC 767-99 we do not have any record/copy of the Prom note but it would be for 650M with ultimate repayment date of 8/31/2029 an my guess would be it was done around April 21, 1999.

We are unsure which loans were allocated to each OIC but have an aggregate spreadsheet for the two OIC's together. I have asked Daki in CF (somewhat circular given Mara forwarded the request) to

check the documentation and their records around the Ottawa Convention Centre (we have no file for OCC at this end) to see if any OIC is specifically mentioned. I will let you know the findings.

Can you double check the Prom Notes (originals) at the LSB side to see if any of them match up to details above and let me know?

Regards,

Andrea

From: Sarah Harris
Sent: Monday, June 12, 2017 1:07 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Thank you, Sarah.

From: Sarah Neville
Sent: Monday, June 12, 2017 1:01 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: Prom Notes

Hi Sarah – I will ask for our file list/original documents list to be searched.

Sarah

From: Sarah Harris
Sent: Monday, June 12, 2017 12:26 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: Prom Notes

Hi Sarah and Malle,

As we have been working on the documents and OIC for the new OFA-IESO FHP credit facility, I was looking at the existing OFA OIC 675/97 (see page 10 of the attached .pdf) which underpins the existing 975M OFA-IESO credit facility as well as various other OFA loans. While there are no active IESO advances under this loan, there are other active OFA loans to third parties under this OIC.

Accompanying the 675/97 (on p. 14 of the attached .pdf) is a form of prom note issued by the OFA to the Minister of Finance on any loans the OFA borrows from the Minister in relation to that OIC. I am trying to locate the executed prom note for this OIC675/97. We have looked in the Documentation safe and it is not in there.

Would you have any record of this prom note having been executed?

Thanks,
Sarah

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Ontario
Executive Council
Conseil exécutif

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and concurrence of the Executive Council, orders that:

Sur la recommandation de la personne soussignée, le lieutenant-gouverneur, sur l'avis et avec le consentement du Conseil exécutif, décrète ce qui suit :

WHEREAS pursuant to Order in Council 675/97 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion One Hundred and Sixty Million Dollars in lawful money of Canada to the Ontario Financing Authority (the "OFA");

AND WHEREAS pursuant to Order in Council 767/99 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Six Hundred and Fifty-six Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 1883/2006 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Eight Hundred Million Dollars in lawful money of Canada to the OFA;

AND WHEREAS pursuant to Order in Council 2144/2007 made under subsection 22(1) of the *Capital Investment Plan Act, 1993*, the Minister of Finance is authorized to lend Two Billion Dollars in lawful money of Canada to the OFA;

AND WHEREAS the Province considers it expedient to amend Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 to allow for loans from the Minister of Finance to the OFA which shall be fully repaid by the OFA by June 1, 2041 and to allow the OFA to retain up to 40 basis points on advances made by the Minister of Finance to the OFA where the OFA subsequently loans those moneys to public bodies;

THEREFORE:

1. Order in Council 675/97, as amended by Order in Council 1709/98, is hereby amended by:

(i) deleting "August 31, 2027" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points, "

2. Order in Council 767/99, is hereby amended by:

(i) deleting "August 31, 2029" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (d)(i) and replacing said subparagraph with the following subparagraph:

"from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (d)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

"(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,"

3. Order in Council 1883/2006 is hereby amended by:

(i) deleting "November 1, 2032" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(iii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,
>
> until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

4. Order in Council 2144/2007 is hereby amended by:

(i) deleting "December 1, 2037" in paragraph (b) thereof and replacing said date with June 1, 2041;

(ii) deleting subparagraph (c)(i) and replacing said subparagraph with the following subparagraph:

> "from the date of Advance to (but excluding) the date of repayment, the Advance shall bear interest at a per annum rate equivalent to the yield on ninety day Province of Ontario treasury bills on the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield on ninety day Province of Ontario treasury bills on the Reset Date as determined by the Province."

(ii) deleting subsubparagraph (c)(ii)(B) and replacing said subsubparagraph with the following subsubparagraph:

> "(B) the per annum rate of interest payable to the OFA under the Third Party Loan less an amount not exceeding 40 basis points,

until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and"

5. The forms of promissory note which evidence the loans pursuant to Order in Council 675/97, Order in Council 767/99, Order in Council 1883/2006 and Order in Council 2144/2007 are hereby amended to reflect the above changes to the Orders in Council in respect of all amounts advanced to the OFA on or after the date of this Order.

Recommended _____ Minister of Finance

Concurred _____ Chair of Cabinet

Approved and Ordered JUN 0 4 2008 Date

_____ Lieutenant Governor

From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: RE: Promissory note between Province of Ontario and OFA for $475M
Date: Thursday, November 02, 2017 4:27:16 PM
Attachments: OIC-1279-2017.pdf

Hi Lisa,

I believe the $975M promissory note has already been reviewed. The $2B OIC is enclosed.

Thanks,

From: Lisa Stein
Sent: Thursday, November 02, 2017 4:24 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Promissory note between Province of Ontario and OFA for $475M

Isn't there a new OIC for FHP?

From: William Tan
Sent: Thursday, November 02, 2017 4:23 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Promissory note between Province of Ontario and OFA for $475M

Hi Lisa,

The original is from 1997 and amended in 2008. I hope this is helpful.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, November 02, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Promissory note between Province of Ontario and OFA for $475M

Hi Will,

For ease of reference can you please send me the relevant OIC?

Thank you,

Lisa

From: William Tan
Sent: Thursday, November 02, 2017 3:43 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Executive Council of Ontario/Conseil exécutif de l'Ontario **[Bilingual]**

Ontario

Order in Council
Décret

On the recommendation of the undersigned, the Lieutenant Governor of Ontario, by and with the advice and concurrence of the Executive Council of Ontario, orders that:

Sur la recommandation de la personne soussignée, la lieutenante-gouverneure de l'Ontario, sur l'avis et avec le consentement du Conseil exécutif de l'Ontario, décrète ce qui suit :

WHEREAS pursuant to subsection 22(1) of the *Capital Investment Plan Act, 1993* (the "Act"), the Minister of Finance may purchase securities of or make loans to corporations established under subsection 2(1) of the Act in such amounts, at such times and on such terms and conditions as the Lieutenant Governor in Council considers expedient;

AND WHEREAS the Ontario Financing Authority (the "OFA") is a corporation established under subsection 2(1) of the Act;

AND WHEREAS pursuant to subsection 6(3) of the Act, the power of a corporation established under subsection 2(1) of the Act to borrow and issue securities, among other things, may only be exercised under the authority of a by-law that has been approved by the Minister of Finance;

AND WHEREAS the OFA wishes to borrow up to Two Billion Dollars in lawful money of Canada from the Minister of Finance and has been authorized to do so by a borrowing by-law approved in accordance with the Act;

THEREFORE:

Pursuant to subsection 22 (1) of the Act, the Minister of Finance is authorized to lend a maximum of Two Billion Dollars in lawful money of Canada to the OFA on the following terms and conditions:

(a) the loan may be advanced in such amounts and at such time or times as required by the OFA;

(b) repayment of advances made under the loan plus accrued interest may be made in whole or in part at any time provided that the loan plus any accrued interest shall be fully repaid by December 31, 2047;

(c) each advance (an "Advance") made under the loan hereby authorized shall bear interest at a rate which is determined as follows:

(i) from the date of the Advance to (but excluding) the date of repayment the Advance shall bear interest at a per annum rate equivalent to the yield earned on

ninety day Province of Ontario treasury bills on the date before the Advance Date as determined by the Province, provided that if an Advance is outstanding for longer than ninety days, the interest rate shall be reset on the last day of each ninety day period (the "Reset Date") to the yield earned on ninety day Province of Ontario treasury bills immediately preceding the Reset Date for such ninety day period as determined by the Province;

(ii) in the event that moneys included in an Advance are used by the OFA for the purpose of funding loans to third parties (a "Third Party Loan"), the rate of interest payable by the OFA to the Province on the portion of the Advance so used shall be adjusted effective as of the date that the portion of the Advance is used to fund the Third Party Loan so that the per annum rate of interest payable by the OFA on such moneys is equivalent to the per annum rate of interest payable to the OFA under the Third Party Loan less an amount as may be determined by the Minister of Finance in respect of such Third Party Loan or a class of such Third Party Loans, until but excluding the date on which the Third Party Loan is repaid, at which time the interest rate set out in subparagraph (i) shall again be applicable to that portion of the Advance; and

(iii) in the event that moneys described in subparagraph (ii), once repaid, are subsequently used to fund loans to third parties, subparagraph (ii) shall again be applicable in determining the interest rate payable to the Province on that portion of the Advance used to fund such loan, and so on, until the Advance shall be repaid to the Province in full;

(iv) despite subparagraphs (ii) and (iii), in the event that no interest is payable to the OFA under a Third Party Loan, no interest shall be payable by the OFA on the portion of the Advance so used and to the extent that the terms of a Third Party Loan provide for the deferral of the payment of accrued interest for a period, the interest payment terms of an Advance or portion thereof shall also be deferred for a similar period.

(d) interest for any period of less than one year shall be payable for the actual number of days included in such period, computed on the basis of a 365-day year;

(e) despite paragraph (b) of this Order, interest on any portion of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall accrue on the basis stated above but shall become payable only to the extent the OFA receives payment of interest under the relevant Third Party Loan;

(f) despite paragraph (b) of this Order, any portion of the principal of an Advance made to the OFA under the loan that is used by the OFA to fund a Third Party Loan shall become payable only to the extent the OFA receives repayment of principal under the relevant Third Party Loan; and

(g) the loan hereby authorized shall be evidenced by a promissory note.

ATTENDU QUE le ministre des Finances peut, en vertu du paragraphe 22 (1) de la *Loi de 1993 sur le plan d'investissement* (la « Loi »), acheter des valeurs mobilières des personnes morales

créées en vertu du paragraphe 2 (1) de la Loi ou leur consentir des prêts selon les montants, aux moments et aux conditions que le lieutenant-gouverneur en conseil estime opportuns;

ATTENDU QUE l'Office ontarien de financement (l'« OOF ») est une personne morale créée en vertu du paragraphe 2 (1) de la Loi;

ATTENDU QUE, conformément au paragraphe 6 (3) de la Loi, le pouvoir qu'ont les personnes morales créées en vertu du paragraphe 2 (1) de la Loi de contracter des emprunts et d'émettre des valeurs mobilières, entre autres, ne peut être exercé qu'aux termes d'un règlement administratif approuvé par le ministre des Finances;

ATTENDU QUE l'OOF souhaite emprunter jusqu'à concurrence de deux milliards de dollars en monnaie légale du Canada du ministre des Finances et qu'il a été autorisé à le faire par un règlement administratif d'emprunt approuvé conformément à la Loi;

PAR CONSÉQUENT :

en vertu du paragraphe 22 (1) de la Loi, le ministre des Finances est autorisé à prêter un montant maximal de deux milliards de dollars en monnaie légale du Canada à l'OOF, aux conditions suivantes :

a) le prêt peut être consenti selon les montants et aux moments qui conviennent à l'OOF;

b) le remboursement des avances consenties au titre du prêt, plus les intérêts courus, peut à tout moment être effectué en totalité ou en partie, pourvu que le prêt et les intérêts courus soient entièrement remboursés au plus tard le 31 décembre 2047;

c) chaque avance (« avance ») faite au titre du prêt autorisé par les présentes portera intérêt au taux est fixé comme suit :

(i) de la date où elle a été faite jusqu'à la date (non comprise) de son remboursement, l'avance portera intérêt à un taux annuel équivalant au rendement gagné sur des bons du Trésor de la province de l'Ontario de quatre-vingt-dix jours à la date précédant la date de l'avance fixée par la province, pourvu que ce taux d'intérêt soit rajusté le dernier jour de chaque période de quatre-vingt-dix jours (« date de rajustement ») selon le rendement gagné sur de tels bons du Trésor immédiatement avant la date de rajustement pour une période de quatre-vingt-dix jours décidée par la province, si l'avance est impayée pendant plus de quatre-vingt-dix jours;

(ii) dans l'éventualité où l'OOF se servirait de sommes comprises dans une avance pour financer des prêts à des tiers, le taux d'intérêt à payer par l'OOF à la province sur la partie de l'avance ainsi utilisée sera rajusté à la date à laquelle la partie de l'avance sera utilisée pour le financement du prêt à un tiers de façon que le taux d'intérêt annuel à payer par l'OOF sur de telles sommes soit équivalent à ce dernier taux moins un montant que pourra fixer le ministre des Finances à l'égard d'un tel prêt ou d'une telle catégorie de prêt, jusqu'à la date (non comprise) à laquelle le prêt à un tiers sera remboursé, date à laquelle le taux d'intérêt établi au sous-alinéa (i) s'appliquera de nouveau à cette partie de l'avance;

(iii) dans l'éventualité où les sommes décrites au sous-alinéa (ii), une fois remboursées, seraient ultérieurement utilisées pour le financement de prêts à des tiers, le sous-alinéa (ii) s'appliquera de nouveau dans l'établissement du taux d'intérêt à payer à la province sur la partie de l'avance utilisée à cette fin, et ainsi de suite, jusqu'à ce que l'avance ait été remboursée intégralement à la province;

(iv) malgré les sous-alinéas (ii) et (iii), dans l'éventualité où aucun intérêt ne serait payable à l'OOF au titre d'un prêt à un tiers, aucun intérêt ne sera à payer par l'OOF sur la partie de l'avance ainsi utilisée et dans la mesure où les conditions du prêt à un tiers prévoient le report du paiement d'intérêts courus pour une période, le paiement d'intérêts au titre d'une avance ou d'une partie d'une avance sera également reporté pour une période d'égale durée;

d) l'intérêt payable relativement à toute période de moins d'un an sera calculé en fonction du nombre de jours réellement compris dans cette période, par rapport à une année comptant 365 jours;

e) par dérogation à l'alinéa a) ci-dessus, l'intérêt sur toute partie d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers est calculé comme il est indiqué ci-dessus, mais cet intérêt devient payable uniquement dans la mesure où l'OOF reçoit un paiement d'intérêts au titre du prêt à un tiers;

f) par dérogation à l'alinéa b) ci-dessus, toute partie du capital d'une avance consentie à l'OOF dans le cadre du prêt que cette dernière utilise pour financer un prêt à un tiers devient payable uniquement dans la mesure où l'OOF reçoit un remboursement du capital au titre du prêt à un tiers

g) le prêt autorisé en vertu des présentes sera attesté par un billet à ordre.

Recommended: Minister of Finance
Recommandé par : Le ministre des Finances

Deb Matthews

Concurred: Chair of Cabinet
Appuyé par : Le président/la présidente du Conseil des ministres

Approved and Ordered:
Approuvé et décrété le : JUN 28 2017

Lieutenant Governor
La lieutenante-gouverneure

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 4:23:59 PM

Isn't there a new OIC for FHP?

From: William Tan
Sent: Thursday, November 02, 2017 4:23 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Promissory note between Province of Ontario and OFA for $475M

Hi Lisa,

The original is from 1997 and amended in 2008. I hope this is helpful.

Thanks,

Will

From: Lisa Stein
Sent: Thursday, November 02, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Promissory note between Province of Ontario and OFA for $475M

Hi Will,

For ease of reference can you please send me the relevant OIC?

Thank you,

Lisa

From: William Tan
Sent: Thursday, November 02, 2017 3:43 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA

for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	Tobias P. Whitfield (MOF); William Tan
Cc:	Sarah Harris
Subject:	RE: Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 4:12:48 PM

Thank you Toby

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Thursday, November 02, 2017 4:09 PM
To: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Promissory note between Province of Ontario and OFA for $475M

I have reviewed and am fine with the revised note.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 2, 2017 3:43 PM
To: Whitfield, Tobias P. (MOF); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA)
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 4:11:51 PM

Hi Will,

For ease of reference can you please send me the relevant OIC?

Thank you,

Lisa

From: William Tan
Sent: Thursday, November 02, 2017 3:43 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
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From:	Whitfield, Tobias P. (MOF)
To:	William Tan; Lisa Stein
Cc:	Sarah Harris
Subject:	RE: Promissory note between Province of Ontario and OFA for $475M
Date:	Thursday, November 02, 2017 4:08:47 PM

I have reviewed and am fine with the revised note.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 2, 2017 3:43 PM
To: Whitfield, Tobias P. (MOF); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA)
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
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From: Lisa Stein
To: William Tan; Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: RE: Promissory note between Province of Ontario and OFA for $475M
Date: Thursday, November 02, 2017 3:43:50 PM

Hi Toby,

I will await your comments.

Thank you,

Lisa

From: William Tan
Sent: Thursday, November 02, 2017 3:43 PM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Toby and Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Promissory note between Province of Ontario and OFA for $475M
Date: Monday, November 06, 2017 12:03:41 PM

Hi Will,

I understand from Sarah that the $475M promissory note does not require review. I've reviewed the $2B promissory note as per her request and it is consistent with the OIC – I have no comments.

Thank you,

Lisa

From: William Tan
Sent: Thursday, November 02, 2017 3:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Promissory note between Province of Ontario and OFA for $475M

Hello Lisa,

Please review and comment on the promissory note between the Province of Ontario and the OFA for the new reduced amount of $475M. I've included the previously approved $2B FHP promissory note for comparison purposes.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From:	John Kim
To:	Anna Strathy; Sarah Harris
Cc:	Bruno Amara; Lisa Stein; William Tan
Subject:	RE: Question re: signature of a proposed directive.
Date:	Tuesday, August 15, 2017 5:03:52 PM

Hi Anna,

I've been catching up on this file and I would like us to consider other options before making inquiries about the delegate option.

Just got a call from Sarah as I was drafting this as well.

I've spoken to Lisa and also CFB staff here on the floor this afternoon. The intercept provision is not relevant for the IESO (given the organization is ratepayer funded) and would like to explore ways of putting the provision in the agreement following a discussion with the ministry.

Thanks,

John

From: Anna Strathy
Sent: Tuesday, August 15, 2017 3:41 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Question re: signature of a proposed directive.

Hi Sarah,

Thanks for this. I can confirm that the Minister is away until September 5.

Given that this is related to the FHP, I expect the MO will want the Minister to sign it himself. Furthermore, the DMO may want to "package" this with other FHP approvals – including a TB Submission that will be coming forward for our Minister's signature in early September.

With that in mind, can this wait for his return on the 5th? If not, I'm happy to start making inquiries about his delegate.

Anna

From: Sarah Harris
Sent: Tuesday, August 15, 2017 2:30 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: Question re: signature of a proposed directive.

Hi Anna,

As discussed, we are looking to have directive signed by the Minister, but you had mentioned the Head of Treasury Board may be able to sign as the Minister's delegate?

The nature of the directive is to obtain approval for an exemption from the inclusion of a security provision in an OFA credit facility agreement under the OFA Lending Policy.

The OFA Lending Policy (attached, see p. 5 of 7 of the. pdf, "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the **Minister, Cabinet or Treasury Board.**

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

The Legislature appropriates no funds for the IESO, since the IESO is ratepayer-funded. It therefore makes no sense to include this provision and we are looking for a direction for an exemption in this regard.

Thanks,

Sarah

From: Anna Strathy
To: Sarah Harris
Cc: Bruno Amara; Lisa Stein; William Tan; John Kim
Subject: RE: Question re: signature of a proposed directive.
Date: Tuesday, August 15, 2017 3:41:07 PM

Hi Sarah,

Thanks for this. I can confirm that the Minister is away until September 5.

Given that this is related to the FHP, I expect the MO will want the Minister to sign it himself. Furthermore, the DMO may want to "package" this with other FHP approvals – including a TB Submission that will be coming forward for our Minister's signature in early September.

With that in mind, can this wait for his return on the 5th? If not, I'm happy to start making inquiries about his delegate.

Anna

From: Sarah Harris
Sent: Tuesday, August 15, 2017 2:30 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Question re: signature of a proposed directive.

Hi Anna,

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Thanks,

Sarah

From:	Anna Strathy
To:	John Kim; Sarah Harris
Cc:	Bruno Amara; Lisa Stein; William Tan
Subject:	RE: Question re: signature of a proposed directive.
Date:	Tuesday, August 15, 2017 5:05:00 PM

Thanks John, Sarah. I'll wait to hear from your teams before making inquiries.

From: John Kim
Sent: Tuesday, August 15, 2017 5:04 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Question re: signature of a proposed directive.

Hi Anna,

I've been catching up on this file and I would like us to consider other options before making inquiries about the delegate option.

Just got a call from Sarah as I was drafting this as well.

I've spoken to Lisa and also CFB staff here on the floor this afternoon. The intercept provision is not relevant for the IESO (given the organization is ratepayer funded) and would like to explore ways of putting the provision in the agreement following a discussion with the ministry.

Thanks,

John

From: Anna Strathy
Sent: Tuesday, August 15, 2017 3:41 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Question re: signature of a proposed directive.

Hi Sarah,

Thanks for this. I can confirm that the Minister is away until September 5.

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about his delegate.

Anna

From: Sarah Harris
Sent: Tuesday, August 15, 2017 2:30 PM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Question re: signature of a proposed directive.

Hi Anna,

As discussed, we are looking to have directive signed by the Minister, but you had mentioned the Head of Treasury Board may be able to sign as the Minister's delegate?

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The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

The Legislature appropriates no funds for the IESO, since the IESO is ratepayer-funded. It therefore makes no sense to include this provision and we are looking for a direction for an exemption in this regard.

Thanks,

Sarah

From:	Mara Collins
To:	Lisa Stein
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:45:50 AM

No, this did not come up in any discussions/correspondence I was involved with.

From: Lisa Stein
Sent: Monday, August 14, 2017 11:43 AM
To: Mara Collins <Mara.Collins@ofina.on.ca>
Subject: FW: Questions re Intercept Provision

Hi Mara,

As you worked on the transition of the OPA credit facility agreement to the IESO a few years ago, do you recall if there was any discussion pertaining to the inclusion of an intercept provision in the agreement, as required by the OFA Lending Policy?

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 11:41 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Questions re Intercept Provision

Thanks Lisa

A couple of further comments

1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.

2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.

I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.

Thanks

Bruno

From: Lisa Stein
Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision

Hi Bruno,

Please see my responses below.

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the

agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

> *1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.*

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
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Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

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Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

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General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

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Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

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It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

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Sent: Wednesday, August 09, 2017 10:58 AM
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Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

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Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa

Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT

necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable

for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Bruno Amara
To: Lisa Stein
Cc: Shajee Kathirgamanathan; Tobias P. Whitfield (MOF); Sarah Harris; William Tan
Subject: RE: Questions re Intercept Provision
Date: Monday, August 14, 2017 11:41:21 AM

Thanks Lisa

A couple of further comments

1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.

2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.

I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.

Thanks
Bruno

From: Lisa Stein
Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision

Hi Bruno,

Please see my responses below.

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

   > *1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.*

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
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> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Lisa Stein
To:	Bruno Amara; Sarah Harris; William Tan
Cc:	Shajee Kathirgamanathan; Tobias P. Whitfield (MOF)
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:06:10 AM

Hi Bruno,

Please see my responses below.

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

   > *1. Pursuant to section 23 of the Capital investment Plan Act and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct*

from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

The steps of the transaction would be:

1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
4 – The IESO repays the OFA for the loan.

Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

"Dear Anthony,

My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?

- *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
- *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
- *[Include additional questions]*

I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained

from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the

sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?

I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset. Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.

Bruno

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:58 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower

amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public

bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Bruno Amara
To:	Lisa Stein
Cc:	Tobias P. Whitfield (MOF)
Subject:	RE: Questions re Intercept Provision
Date:	Monday, August 14, 2017 11:51:42 AM

Thx

From: Lisa Stein
Sent: Monday, August 14, 2017 11:49 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: Questions re Intercept Provision

FYI

From: Mara Collins
Sent: Monday, August 14, 2017 11:46 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Questions re Intercept Provision

No, this did not come up in any discussions/correspondence I was involved with.

From: Lisa Stein
Sent: Monday, August 14, 2017 11:43 AM
To: Mara Collins <Mara.Collins@ofina.on.ca>
Subject: FW: Questions re Intercept Provision

Hi Mara,

As you worked on the transition of the OPA credit facility agreement to the IESO a few years ago, do you recall if there was any discussion pertaining to the inclusion of an intercept provision in the agreement, as required by the OFA Lending Policy?

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 11:41 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Questions re Intercept Provision

Thanks Lisa

A couple of further comments

1. I don't have a problem focussing on the new agreement, but it would be preferable to have an answer in case anyone DMO/MO/M were to inquire about the previous agreement. It's a question that I would think they might ask.

2. My second question below was for clarification as I didn't see specific reference to an MOU requirement wrt to the Intercept section in the OFA lending policy.

I'm just want make sure we(I) can respond to questions that may come up so that this goes as smoothly as possible.

Thanks
Bruno

From: Lisa Stein
Sent: Monday, August 14, 2017 11:06 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Questions re Intercept Provision

Hi Bruno,

Please see my responses below.

Thank you,

Lisa

From: Bruno Amara
Sent: Monday, August 14, 2017 10:51 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Questions re Intercept Provision

Hi,

Following our discussion on Friday, I have a few questions as we start drafting material.

1. In regard to our discussion about the intercept provision, it was noted that the current agreement for the $975M facility also did not have this provision. I don't think there was a clear idea around the table of why this was the case (OFA lending policy changed or maybe a previous exemption). If anyone has any ideas on how we can find this out that would be helpful. It is a question that I expect would come up. We will see what we can find out at our end. We don't have the answer for this; it's possible that it was not required by the OFA Lending Policy at the time of the agreement. Toby and I have discussed and we would like to focus on the new FHP agreement going forward for the time being.

2. In regard to the timing issues noted below in Sarah's email, around including of an intercept in the Agreement, it is noted that an MOU would be required. Is that MOU a policy requirement? Yes, this is required by the OFA Lending Policy.

   I'm looking at the Intercept section, first paragraph of the OFA lending policy. Are the agreements noted therein, or elsewhere in the Intercept section, what would be covered in the MOU, or is the something else?

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3. Am I correct that Energy did not include the intercept provision in its initial draft of the Agreement. Do we know is they were just following the previous agreement, or was there a deliberate exclusion as it doesn't appear to do much under the specific circumstances? Apologies if there was a previous discussion on this that I'm not recalling. I don't know who prepared the initial draft of the agreement. We believe it was excluded from the draft as the agreement was based on the previous OPA (now IESO) agreement which did not include such provisions. Perhaps this matter had not been previously considered from a business perspective?

Thanks
Bruno

From: Sarah Harris
Sent: Thursday, August 10, 2017 11:56 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Hi Ken,

Yesterday we held an internal meeting to discuss issues identified by Lisa and Toby regarding inclusion of an intercept provision in the new $2B FHP Credit Facility, as well the factors that the OFA needs to consider on whether or not to seek a security interest in the Regulatory Asset. We will need to obtain further information from IESO to inform the OFA's final determination on these matters, and also require your input on certain items below.

Security Interest - Background

In reference to Bruno's comments and your comments below, if the OFA were to take a security interest in the Regulatory Asset, any security interest would only be applicable while the IESO was the holder of the asset, and only while it is being held by the IESO with money borrowed from the OFA.

> The steps of the transaction would be:
>
> 1 – The IESO makes payments to electricity producers at the contracted rate, but charges consumers a rate that is set by the FHP, which leaves a shortfall that must be made up;
> 2 – The IESO borrows money from the OFA to finance the shortfall – it is at this stage that the OFA would consider taking a security interest in the asset, up to the amount that the OFA lends to the IESO;
> 3 – The IESO bundles the right to charge consumers for the shortfall in the future through the GA into the Regulatory Asset, which is sold to the OPG SPV, which sale can be of the asset free and clear of any security interest;
> 4 – The IESO repays the OFA for the loan.
>
> Steps 3 and 4 can happen simultaneously. If it is deemed to be something that the OFA would like to do, the security interest would only apply while the IESO holds the assets that it creates using the OFA loan to finance the purchase of electricity that it does not charge for. Once the asset is sold to the OPG SPV, the loan can be repaid and the security interest that the OFA had in the asset can be discharged.

Intercept Provision - Background

Regarding the inclusion of the intercept provision, the OFA Lending Policy (attached, see p. 4 "Security" section), stipulates the OFA must include an intercept provision, unless the OFA either receives an exemption from the OFA Board OR receives direction from the Minister, Cabinet or

Treasury Board.

The intercept provision provides that in the event of non-payment by IESO to the OFA under the Credit Facility, the Minister may take funds appropriated by the Legislature for IESO, and may instead use the funds to repay the OFA (in the amount that IESO has defaulted under the facility).

Question for Ken: Are you aware of how we might determine if the Legislature has appropriated funds for IESO? If the amounts are minimal, there would seem token benefit to include the intercept provision in the new FHP credit facility agreement

Draft E-mail to IESO

We would like to ensure that we obtain from IESO all the information that would be required to make a risk assessment as to whether an intercept provision and/or a security interest by the OFA in the Regulatory Asset would be required.

Request for Ken: We are drafting an e-mail to send to IESO today (below) to request information that is pertinent for an analysis regarding these matters. We would appreciate if you could please review the draft and amend it to include all key questions that would be required to make a risk assessment.

> *"Dear Anthony,*
>
> *My apologies for the delay in providing the next turn of the FHP Credit Facility Agreement. We became aware of a potential requirement under the OFA's lending policy which needs to be considered internally for inclusion in the agreement, for which we require additional information. Would you kindly provide answers to the following questions?*
>
> - *Does IESO have other financial obligations (such as but not limited to swap agreements, other financial obligations etc.) that could become due and adversely impact IESO's ability to pay its debts when they become due?*
> - *Does IESO have any other financial obligations or security interests that could attach to the Regulator Asset/Special Purpose Vehicle?*
> - *[Include additional questions]*
>
> *I also want to make you aware that due to the internal assessment that must be made in respect of the OFA's lending policy, we will likely not be able to execute the new FHP facility prior to IESO's next funding request (for which IESO will be providing notice on August 17th, for funding on August 21st). Accordingly, the August FHP draw will be made under the existing $975 million credit facility. At the time we execute the new $2B facility, we would be able to transfer (by incorporating into the agreements the required provisions or by another agreed mechanism) any amount of loans exceeding $475 million (being the reduced facility limit under the draft amending agreement) under the existing facility to the new facility.*

Best regards,"

In reference to the last sentence above in the draft e-mail to IESO, the intended financing structure for IESO credit facilities is to (i) execute a new $2B FHP facility and (ii) simultaneously reduce the existing $975 million facility by $500 million to $475 million. This would create a total aggregated limit of $2.475 billion. Ideally these 2 agreements would have been executed simultaneously prior to the August draw from IESO (since IESO's August draw will likely bring the balance of the existing credit facility to approx. $500M, exceeding the intended revised limit of $475 million).

Question for Ken: When we do execute both agreements, are there any obstacles from an operational perspective (settlement, cash, accounting, risk) with transferring any 'excess loan amount' from the existing credit facility to the new FHP credit facility? We would be looking to re-allocate certain loans from the existing facility to the new facility, without any cash flow impact. From a legal perspective we expect this should be fine, as we can work out the legal particulars with IESO.

General Note re: Timing Impact of Intercept Provision

Regardless of whether the OFA decides to include or exclude the intercept provision, the execution of the FHP facility will take longer than expected, likely taking an additional number of weeks.

If the decision is made not to include the intercept provision, a directive will need to be obtained from the Minister to this effect, potentially taking a few weeks.

If it is a determined an intercept provision is required, then this will likely even take longer than getting a directive from the Minister. In this case, the OFA would need to go back to the Ministry of Energy to effect the following: (I)Ministry of Energy will need to agree with IESO on acceptance of the inclusion of intercept provision in the FHP credit facility agreement and (ii) the OFA and Ministry of Energy will require an MOU whereby the parties agree on the inclusion of a the intercept provision in the FHP credit facility agreement.

Thanks
Sarah

From: Ken Kandeepan
Sent: Wednesday, August 09, 2017 1:54 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Policy questions re OFHP Credit Facility Agreement

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>

Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or

liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance

tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From:	Hanslep, Malle (MOF)
To:	Lisa Stein
Cc:	John Kim
Subject:	RE: Revised IESO Directive
Date:	Friday, August 18, 2017 11:03:50 AM

This looks fine to me.

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 18, 2017 10:39 AM
To: Hanslep, Malle (MOF)
Cc: Kim, John (OFA)
Subject: Revised IESO Directive
Importance: High

Hi Malle,

I've amended the directive to incorporate the original IESO credit facility agreement. Due to the evolution of the agreement (ie. numerous amendments and transition from the OPA to the IESO, I also thought it would be helpful to include background on this credit facility in the recitals. I would appreciate your feedback on this revised directive, as it is now more complex.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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****

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: September Election Notice
Date: Wednesday, September 13, 2017 2:55:36 PM

We will need to amend the amending agreement again if not executed prior to the notice. However, if amending agreement and FHP credit facility agreement are signed, I assume these numbers will change in any event.

Lisa

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, September 13, 2017 2:48 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: September Election Notice

The estimate provided by ieso settlement staff is 220 million plus the current 404 million.

Notice will be sent on sept 19 for deposit on sept 21.

Regards.

From: William.Tan@ofina.on.ca
Sent: September 13, 2017 10:46 AM
To: Anthony.Martinello@ieso.ca
Cc: Sarah.Harris@ofina.on.ca; Victor.Buza@ieso.ca; Lisa.Stein@ofina.on.ca
Subject: September Election Notice

Hi Anthony,

Sarah brought up the fact that we are expecting September's Election Notice in the next few days. Approximately when do you expect Olga to be sending the Election Notice and approximately for how much?

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	John Kim
To:	Anna Strathy; William Tan
Cc:	Lisa Stein
Subject:	RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date:	Thursday, November 02, 2017 11:31:58 AM

Thanks, makes sense.

From: Anna Strathy
Sent: Thursday, November 02, 2017 11:31 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Gadi's free tomorrow and familiar with this issue. I can ask Gadi to sign.

From: John Kim
Sent: Thursday, November 02, 2017 11:14 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hi William,

Not sure of his availability but know that he is quite jammed. Also, he does not usually deal with credit agreements so wouldn't Gadi be more used to doing so? Ron will go through the whole documents if you put in front of him.

From: William Tan
Sent: Thursday, November 02, 2017 10:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hello John,

Mike is away on Friday and according to the OFA Signing authorities Resolution for Lending Instruments, Ronald Kwan and Gadi Mayman are the other two signatories. Do you mind checking on Ronald's availability to sign for the agreements today or tomorrow?
There is a possibility for the agreements to be ready for today but more likely for tomorrow.

Lending Instruments

Agreements for loans by the OFA to public bodies, including term sheets, may be signed by any of the following persons:

Chair;
CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Anna Strathy
To:	John Kim; William Tan
Cc:	Lisa Stein
Subject:	RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date:	Thursday, November 02, 2017 11:31:19 AM

Gadi's free tomorrow and familiar with this issue. I can ask Gadi to sign.

From: John Kim
Sent: Thursday, November 02, 2017 11:14 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

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Best regards,

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From: John Kim
To: William Tan
Cc: Lisa Stein; Anna Strathy
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date: Thursday, November 02, 2017 11:14:21 AM

Hi William,

Not sure of his availability but know that he is quite jammed. Also, he does not usually deal with credit agreements so wouldn't Gadi be more used to doing so? Ron will go through the whole documents if you put in front of him.

From: William Tan
Sent: Thursday, November 02, 2017 10:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
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Best regards,

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From:	Lisa Stein
To:	John Kim; Anna Strathy; William Tan
Subject:	RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date:	Thursday, November 02, 2017 11:36:54 AM

Agreed

From: John Kim
Sent: Thursday, November 02, 2017 11:32 AM
To: Anna Strathy <Anna.Strathy@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Thanks, makes sense.

From: Anna Strathy
Sent: Thursday, November 02, 2017 11:31 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

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Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	William Tan
To:	"Victor Buza"
Cc:	Lisa Stein; Sarah Harris; Anthony Martinello; John Kim
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 4:14:33 PM

Hello Victor,

Agreed.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
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Thanks Will – so it appears that, other than housekeeping activities over the next day or two, we are now closed on these two agreements. Agreed ?
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From: William Tan [mailto:William.Tan@ofina.on.ca]
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To: Victor Buza
Cc: Lisa Stein; Sarah Harris; Anthony Martinello; John Kim
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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Sent: Monday, November 06, 2017 3:25 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10
Importance: High

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Let us know. We look forward to receiving your confirmation of closing.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris

Subject: FW: Signatures for FHP and Amending Agreement No. 10

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To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

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Thanks,

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Cc:	Lisa Stein; Sarah Harris; Anthony Martinello; John Kim
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 4:11:49 PM

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To:	"Victor Buza"
Cc:	Lisa Stein; Sarah Harris; Anthony Martinello; John Kim
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 4:06:45 PM
Attachments:	FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf OFA IESO Amending Agreement No. to Jan 1, 2005 Credit Facility Nov 6,2017 - OFA signed.pdf

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November 6, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the 6 day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"Continued Advance" has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"Current Repayment Date" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$"** means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"First Advance" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1 (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover					Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO"**), and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the "**Credit Agreement**", the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "**Continued Advance"** has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note"**). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment

Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

   i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 6, 2017; and,

   ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

   iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

   iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the **"Grid Note"**) and indicating a total principal amount of Advances Outstanding as of the Effective Time. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement on the dates set out below, which shall come into effect as of the Effective Time as defined herein.

ONTARIO FINANCING AUTHORITY

Per: _____ Date: November 6, 2017.

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____ Date: November_____, 2017.

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover					Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Victor Buza
To:	William Tan
Cc:	Lisa Stein; Sarah Harris; Anthony Martinello
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 3:25:00 PM
Attachments:	OFA_IESO Amending Agrmt#10 to Jan 1 2005 Credit Facility Nov 6 2017 - IESO signed.pdf Certified IESO Brd Resol"n June 14_17 re Credit Facilities and Incumb Cert - Nov 6 2017.pdf FHP_IESO $2Billion Grid Note to OFA - signed by IESO Nov 6 2017.pdf Intercept Letter MOE_OFA_IESO Fully Executed - Nov 6 2017.pdf
Importance:	High

Will,

Please find attached the following documents signed by IESO:

1. Amending Agreement #10 to the Jan. 1, 2005 Credit Agreement;
2. Certified IESO Board Resolution and Incumbency Certificate;
3. Scan of the $2 Billion Grid Note.
4. Intercept Letter Agreement.

I will send the new Revolving Credit Facility Agreement in relation to FHP under a separate email immediately following.

We have already overnighted the original grid note for $2 billion and an original Intercept Letter signed by all parties. Per your request, we will send original agreement signature pages for both agreements as well – can we send those tomorrow or do you need the overnighted too?

Let us know. We look forward to receiving your confirmation of closing.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 3:09 PM
To: Victor Buza
Cc: Lisa Stein; Sarah Harris; Anthony Martinello
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

I clarified internally and we would want an original signature page for the FHP Agreement and Amending Agreement No. 10.

Thanks,

Will

From: William Tan
Sent: Monday, November 06, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

My apologies. Please scan the separated $2B and $475 MM Grid promissory notes. Forward the $2B promissory note but hold on to the $475MM Grid Promissory Note until November 21.

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Promissory Note
- $475 MM Grid Promissory Note

Yes, please forward the documents to myself.

William Tan
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 2:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

I will scan and send all documents you listed in their entirety, not just signature pages. Can you confirm, are you saying you want a scan of the $475MM grid note?

Just so I get it right, should I courier the hardcopies of the Intercept Letter and Note to your attention and address, Will? Call me if it's quicker.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

Thank you for the update. When you send the soft copy signatures, would it be possible to include the signatures within the agreements?

You were probably going to include the following signed soft copies anyway but out of caution I have listed them below:

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Note
- $475 MM Grid Note

Hardcopy of the Intercept Letter and $2B Grid Note – overnight delivery is fine.

Per s. 16 AA #10 - Anthony and I discussed on Friday that $475MM Grid note would be signed today but held by IESO until November 21. After the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received OFA will send the $975MM cancelled prom note to IESO.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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AMENDING AGREEMENT NO. 10

This Amending Agreement No. 10 (this "**Amending Agreement**") is made as of the 21st day of November, 2017 (the "**Effective Date**")

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* ("**IESO**")

-and-

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* ("**OFA**")

(together, the "**Parties**")

WHEREAS the Ontario Power Authority ("**OPA**") and the OFA entered into a credit agreement dated January 1, 2005 (the "**Original Agreement**");

AND WHEREAS effective January 1, 2015, the OPA and the then existing Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* with the name "Independent Electricity System Operator" (**"IESO"),** and the obligations of the OPA became obligations of the IESO;

AND WHEREAS pursuant to the amending agreements dated February 14, 2005, October 11, 2005 (titled, "Amending Agreement No. 3"), September 27, 2006 (titled, "Amending Agreement No. 4"), July 13, 2007 (titled, "Amending Agreement No. 5"), November 9, 2010 (titled, "Amending Agreement No. 6"), December 20, 2013 (titled, "Amending Agreement No. 7"), December 19, 2014 (titled, "Amending Agreement No. 8") and November 30, 2016 (titled, "Amending Agreement No. 9"), the OPA or IESO (as applicable) and the OFA amended the Original Agreement (as so amended, the **"Credit Agreement",** the terms defined therein being used herein as therein defined);

AND WHEREAS the Parties have now agreed to: (i) at the request of the IESO, decrease the total principal amount available under the Credit Agreement from $975,000,000 to a total principal amount of up to $475,000,000; (ii) amend the use of proceeds under the Credit Agreement; (iii) amend the Form of Election Notice and related provisions under the Credit Agreement; and (iv) make other amendments required as a consequence of the implementation of the OFHP (as defined below);

AND WHEREAS pursuant to Section 7.3 of the Credit Agreement, the Credit Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, and subject to the terms and conditions hereafter set out, the Parties agree that, as of the Effective Time (as defined below):

1. The definition of "Advances" in Section 1.1 of the Credit Agreement is deleted and replaced by the following:

   "**Advances**" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable."

2. The definition of "**Commitment**" in Section 1.1 of the Credit Agreement is amended by deleting "$975,000,000" and substituting "$475,000,000" therefor.

3. The definition of "**Permitted Liens**" is amended by deleting the word "and" at the end of subsection (i); replacing the "." at the end of subsection (j) and replacing it with "; and" ; and adding the following subsection (k):

   "(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

4. The following definitions are added to Section 1.1 of the Credit Agreement:

   "Clean Energy Adjustment" has the same meaning as that term is defined in the OFHP.

   "Continued Advance" has the meaning specified in Section 3.3(1).

   "**Current Repayment Date**" has the meaning specified in Section 3.3(2).

   "**New Repayment Date**" has the meaning specified in Section 3.3(2).

   "OFHP" means the *Ontario Fair Hydro Plan Act, 2017*, S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

5. Section 2.3 "Use of Proceeds" of the Credit Agreement is deleted in its entirety (with the exception of the title of the section, which exception also applies regarding the amendments made under sections 6, 7 and 8 hereof) and replaced by the following:

   "The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998,* as such regulation may be amended or replaced from time to time, provided that Advances may be used only for liquidity purposes."

6. Section 3.2 "Procedures for Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be no earlier than 28 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.3. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the **"Grid Note")**. The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement."

7. Section 3.3 "Elections Regarding Advances" of the Credit Agreement is deleted in its entirety and replaced by the following:

"(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 28 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 28 days and not later than 95 days after the Current Repayment Date (the "**New Repayment Date**"). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment

Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the grid promissory note in respect of Advances in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date."

8. Section 5.2 "Acceleration of Maturity; Recission and Annulement" of the Credit Agreement is deleted in its entirety and replaced by the following:

"If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement."

9. Section 5.7 "Intercept" is added to the Credit Agreement, stating as follows:

"Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

10. Section 7.9 "Entire Agreement' is added to the Credit Agreement, stating as follows:

"Section 7.9 Entire Agreement

This Agreement as amended from time to time and including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement."

11. Schedule 1 of the Credit Agreement, Form of Borrowing Notice, is deleted in its entirety and replaced by the Form of Borrowing Notice attached hereto as Schedule 1.

12. Schedule 2 of the Credit Agreement, Form of Election Notice, is deleted in its entirety and replaced by the Form of Election Notice attached hereto as Schedule 2.

13. Schedule 3 of the Credit Agreement, IESO Grid Note, is deleted in its entirety and replaced by the Form of Grid Note attached hereto as Schedule 3.

14. For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

   i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 6, 2017; and,

   ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

   iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

   iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

15. The Parties shall endeavour to complete and exchange all usual documentation relating to the Transfers of Funds, and to any other related matters occurring on the Effective Date, prior to 5:00 p.m. on the Effective Date, and in any case no later than the next business day.

16. After the Effective Time, and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form attached hereto as Schedule 3 (the "**Grid Note**") and indicating a total principal amount of Advances Outstanding as of the Effective Time. Upon receipt of the new Grid Note delivered hereunder, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO.

17. This Amending Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amending Agreement.

IN ALL OTHER RESPECTS, the Credit Agreement is confirmed by the Parties.

[*signature page follows*]

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement on the dates set out below, which shall come into effect as of the Effective Time as defined herein.

ONTARIO FINANCING AUTHORITY

Per: _____ Date: November _____, 2017.
Name:
Title:

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall Date: November 6th, 2017.
Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1 TO AMENDING AGREEMENT NO. 10

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "**Proposed Advance**"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 28 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2 TO AMENDING AGREEMENT NO. 10

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the credit agreement between the IESO and the OFA dated January 1, 2005 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____;

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date no earlier than 28 days and not later than 95 days after the Current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

SCHEDULE 3 TO AMENDING AGREEMENT NO. 10

FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $475,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICTY SYSTEM OPERATOR (the **"IESO"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the credit agreement dated January 1, 2005 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the **"Credit Agreement"**).

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:
Authorized Signatory

Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit: $475,000,000

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

" Resolution of the Board of Directors
Independent Electricity System Operator

June 14, 2017

In Respect of the establishment of a new credit facility and revision of existing credit facilities in relation to the Fair Hydro Plan

---

WHEREAS, as further described in the memorandum to the Audit Committee entitled "Fair Hydro Plan Credit Facility" dated June 13, 2017 (the "**Memorandum**"), the Corporation has determined that in order to support the IESO's role in the Fair Hydro Plan it requires greater credit liquidity;

AND WHEREAS the Corporation proposes to enter into a new credit facility with the Ontario Financing Authority or Ontario Electricity Financial Corporation to support the Corporation's role in the Fair Hydro Plan in an amount yet to be determined of between $1,800 million and $2,500 million (the "**New Facility**");

AND WHEREAS, due to the structure of the Fair Hydro Plan, once the New Facility is established, the Corporation's existing credit facility with the Ontario Financing Authority in the amount of $975 million (the "**OFA Facility**") will include unnecessary and duplicative credit liquidity such that the OFA Facility may be reduced to an amount yet to be determined between $400 million and $500 million;

AND WHEREAS ...[Recital redacted]...

NOW THEREFORE BE IT RESOLVED THAT:

1. The Board of Directors hereby authorizes and approves the establishment of the New Facility and the amendment of the OFA Facility ...**[Redacted]**... on such terms and conditions as are generally outlined in the Memorandum (collectively, all facilities being the "**Credit Facilities**").

2. The Chief Financial Officer or her delegate is hereby authorized for and on behalf of the Corporation to:

(a) finalize, execute and deliver

(i) all relevant agreements, instruments and other documents required for the establishment or amendment, as applicable, of the Credit Facilities, and

(ii) all ancillary documents, deeds and instruments determined to be necessary or desirable in connection therewith (the execution of any such document, deed or instrument being conclusive evidence of such determination),

and to perform the Corporation's obligations thereunder, and to obtain the benefits thereof;

(b) draw upon or continue to draw upon, as applicable, the Credit Facilities from time to time in accordance with their terms; and

(c) do any and all such further acts as may be determined to be necessary or desirable to give effect to the foregoing transactions including, for further certainty, amending any other agreements as may be required as a consequence of such transactions. "

I certify that the above is a true, redacted copy of a resolution approved by the Board of Directors of the Independent Electricity System Operator on June 14, 2017.

John Rattray

General Counsel, Secretary and Chief Reliability Compliance Officer
Independent Electricity System Operator
November 6th, 2017

INCUMBENCY CERTIFICATE

To: Ontario Financing Authority ("**OFA**")

I, the undersigned, Secretary to the Independent Electricity System Operator (the "**IESO**"), in my capacity as an officer of the IESO, and not in my personal capacity, do hereby certify that:

1. Kimberly Marshall has been duly appointed as Vice President, Corporate Services; Chief Financial Officer and Treasurer of the IESO and holds, as at the date hereof, such offices.

2. Pursuant to a resolution of the board of directors of IESO dated June 14, 2017, Kimberly Marshall has the authority to finalize, execute and deliver: (i) Amending Agreement No. 10 to the Credit Agreement between OFA and IESO (as successor by amalgamation to Ontario Power Authority) made as of January 1, 2005, as amended; and (ii) the Revolving Credit Facility Agreement between IESO and the Ontario Financing Authority made in relation to the Fair Hydro Plan.

3. The following is the genuine signature of the following individual:

Kimberly Marshall K Marshall

DATED this 6th day of November, 2017.

John Rattray
General Counsel, Secretary and Chief
Reliability Compliance Officer

I, the undersigned, do hereby certify for and on behalf of the IESO in my capacity as an officer of the IESO, and not in my personal capacity, that: (i) John Rattray has been duly appointed to the office of General Counsel, Secretary and Chief Reliability Compliance Officer and (ii) John Rattray holds, as at the date hereof, such office.

DATED this 6th day of November, 2017.

K Marshall

Kimberly Marshall
Vice President, Corporate Services; Chief
Financial Officer and Treasurer

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated November 6, 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Name: Kimberly Marshall
Authorized Signatory

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A
1Y7

(416) 325-8000

Ontario

November 6, 2017

Mr. Steen Hume
Assistant Deputy Minister, Ministry of Energy
7th Flr, 77 Grenville St
Toronto, ON M7A 2C1

Ms. Kimberly Marshall
Vice-President, Corporate Services and Chief Financial Officer, IESO
120 Adelaide St W #1600
Toronto, ON M5H 1T1

Dear Mr. Steen Hume and Ms. Kimberly Marshall:

I am writing in relation to the Independent Electricity System Operator's ("IESO") request to the Ontario Financing Authority ("OFA") for a new revolving credit facility in an amount of up to CAD $2 billion (the "New Credit Facility") to support the IESO's role in the implementation of and participation under the *Ontario Fair Hydro Plan Act, 2017.* Under the OFA Lending Policy, the OFA requires an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis. In general, an intercept provision allows the Minister of Finance to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts the public body fails to pay the OFA under a loan agreement.

The IESO and the Ministry of Energy ("ENERGY") confirm and the OFA acknowledges that at this time there are no amounts appropriated by the Legislature for payment to the IESO by ENERGY and the intent of such intercept provision is that it would apply if and when amounts were to be appropriated for payment by ENERGY to the IESO in the future.

Prior to entering into a loan agreement with the IESO for the New Credit Facility (the "OFHP Credit Facility Agreement") on an unsecured basis, the OFA requires ENERGY and the IESO to agree to the terms and conditions set out below in relation to the above OFA Lending Policy intercept provision requirement.

These terms and conditions shall also apply to the IESO's existing $975 million credit facility, established in a credit agreement entered into between the OFA and the Ontario Power Authority dated January 1, 2005, as amended (the "Original Credit Facility Agreement").

... 2

- The OFA, the IESO, and ENERGY agree as follows in respect of any advances made by the OFA to the IESO pursuant to the OFHP Credit Facility Agreement or the Original Credit Facility Agreement (each a "Loan Agreement"; together, the "Loan Agreements"):

    - Pursuant to section 23 of the *Capital Investment Plan Act, 1993*, the IESO and ENERGY agree that, in the event that the Legislature appropriates any funds for payment by ENERGY to the IESO for any purpose ("Appropriated Funds"), the Minister of Finance would be entitled to deduct from such Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under a Loan Agreement (the "intercept provision"). Terms relating to the intercept provision shall also be separately included in the Loan Agreements.

    - If the intercept provision is exercised, the IESO agrees that any notice from the OFA to the Minister of Finance in relation to its failure to make a payment that is due under a Loan Agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

    - Prior to recommending to the Minister of Finance that the intercept provision be exercised, the OFA will raise the issue with ENERGY and seek ENERGY's support in getting the IESO to pay the amounts owing to OFA within a reasonable cure period.

    - Upon receipt of notice from the OFA that the IESO has failed to make one or more payments owing to it in accordance with the provisions of a Loan Agreement, ENERGY will provide the OFA with all information requested by the OFA respecting amounts appropriated by the Legislature for payments to the IESO by ENERGY, including the intended purpose and expected timing of such payments to be made by ENERGY. Upon request, ENERGY will provide similar information to the Minister of Finance.

    - ENERGY acknowledges and agrees that, upon receipt of a direction from the Minister of Finance that an amount is to be deducted from money appropriated by the Legislature for payment by ENERGY to the IESO, ENERGY will take all necessary action required by it in order to effect such deduction and payment to the OFA in accordance with the Minister of Finance's direction.

    - For further certainty, the OFA and ENERGY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.

... 3

This letter agreement may be executed in counterparts. Therefore, if you are in agreement with the above terms and conditions in relation to the Loan Agreements, kindly sign this letter agreement below in triplicate and send back two copies to my attention.

Sincerely,

Ronald Kwan

Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA

c. Gadi Mayman, Chief Executive Officer, OFA

The undersigned hereby agree to the terms and conditions as set out in this letter agreement and have executed this letter agreement as of the date first noted above.

Ministry of Energy

by:

name: Steen Hume

title: Assistant Deputy Minister, Ministry of Energy

Independent Electricity System Operator

by:

name: Kimberly Marshall

title: Vice-President, Corporate Services and Chief Financial Officer, IESO

From:	William Tan
To:	"Victor Buza"
Cc:	Lisa Stein; Sarah Harris; "Anthony Martinello"
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 3:08:45 PM

Hello Victor,

I clarified internally and we would want an original signature page for the FHP Agreement and Amending Agreement No. 10.

Thanks,

Will

From: William Tan
Sent: Monday, November 06, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

My apologies. Please scan the separated $2B and $475 MM Grid promissory notes. Forward the $2B promissory note but hold on to the $475MM Grid Promissory Note until November 21.

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Promissory Note
- $475 MM Grid Promissory Note

Yes, please forward the documents to myself.

William Tan
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 2:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

I will scan and send all documents you listed in their entirety, not just signature pages. Can you confirm, are you saying you want a scan of the $475MM grid note?

Just so I get it right, should I courier the hardcopies of the Intercept Letter and Note to your attention and address, Will? Call me if it's quicker.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

Thank you for the update. When you send the soft copy signatures, would it be possible to include the signatures within the agreements?

You were probably going to include the following signed soft copies anyway but out of caution I have listed them below:

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Note
- $475 MM Grid Note

Hardcopy of the Intercept Letter and $2B Grid Note – overnight delivery is fine.

Per s. 16 AA #10 - Anthony and I discussed on Friday that $475MM Grid note would be signed today but held by IESO until November 21. After the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received OFA will send the $975MM cancelled prom note to IESO.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: "Victor Buza"
Cc: Lisa Stein; Sarah Harris; Anthony Martinello
Subject: RE: Signatures for FHP and Amending Agreement No. 10
Date: Monday, November 06, 2017 2:25:08 PM

Hi Victor,

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- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Promissory Note
- $475 MM Grid Promissory Note

Yes, please forward the documents to myself.

William Tan
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 2:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
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Cc: Lisa Stein; Sarah Harris
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- Resolution of the Board of Directors
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- Intercept Letter
- $2 B Grid Note
- $475 MM Grid Note

Hardcopy of the Intercept Letter and $2B Grid Note – overnight delivery is fine.

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Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

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Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Victor Buza
To:	William Tan
Cc:	Lisa Stein; Sarah Harris; Anthony Martinello
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 2:12:14 PM

I will scan and send all documents you listed in their entirety, not just signature pages. Can you confirm, are you saying you want a scan of the $475MM grid note?

Just so I get it right, should I courier the hardcopies of the Intercept Letter and Note to your attention and address, Will? Call me if it's quicker.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

Thank you for the update. When you send the soft copy signatures, would it be possible to include the signatures within the agreements?

You were probably going to include the following signed soft copies anyway but out of caution I have listed them below:

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Note
- $475 MM Grid Note

Hardcopy of the Intercept Letter and $2B Grid Note – overnight delivery is fine.

Per s. 16 AA #10 - Anthony and I discussed on Friday that $475MM Grid note would be signed today but held by IESO until November 21. After the borrowing notice and election notices are actioned, OFA will produce the grid notes to evidence payment and advancements. IESO will then send the new $475MM prom note to OFA. Once received OFA will send the $975MM cancelled prom note to IESO.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 11:57:37 AM

Yes I think that's a good idea. I assume they will also be sending the originals.

From: William Tan
Sent: Monday, November 06, 2017 11:51 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hello Lisa,

It appears as though Victor will be forwarding only the scanned signature portion of the agreement and not the scanned signatures embedded in the agreement. Obviously it is implied they are signing the agreement. However, from a legal perspective should be ask for them to send a soft copy of the signatures embedded agreement in its entirety?

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello

Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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william.tan@ofina.on.ca

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: RE: Signatures for FHP and Amending Agreement No. 10
Date: Monday, November 06, 2017 10:48:13 AM

Hi Will – I have a signing meeting scheduled with our signatory at 2:30pm this afternoon – so I will send you counterpart signatures and a scanned version of the Intercept Letter by 3:00pm or possibly earlier.

Hardcopy of Intercept Letter to follow as you prefer – overnight or pickup? We also need to make arrangements re delivery of the $2Bn Grid Note.

Per s.16 of AA#10, the other Note for $475MM is to be delivered following the Effective Time in exchange for the return by OFA of the Nov 30 2016 Note for $975MM.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
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recipient(s), please notify the sender immediately and delete this e-mail message.

From:	John Kim
To:	William Tan; "Victor Buza"
Cc:	Lisa Stein; Sarah Harris; Anthony Martinello
Subject:	RE: Signatures for FHP and Amending Agreement No. 10
Date:	Monday, November 06, 2017 4:20:48 PM

Thanks everyone, happy to have resolved things.

John

From: William Tan
Sent: Monday, November 06, 2017 4:14 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

Agreed.

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Thanks Will – so it appears that, other than housekeeping activities over the next day or two, we are now closed on these two agreements. Agreed ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 4:07 PM
To: Victor Buza
Cc: Lisa Stein; Sarah Harris; Anthony Martinello; John Kim
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

Please find the attached signed FHP Credit Facility Agreement and Amending Agreement #10 to the Jan. 1, 2005 Credit Agreement. Original signature pages will reach you tomorrow or the day after.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 3:25 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10
Importance: High

Will,

Please find attached the following documents signed by IESO:

1. Amending Agreement #10 to the Jan. 1, 2005 Credit Agreement;
2. Certified IESO Board Resolution and Incumbency Certificate;
3. Scan of the $2 Billion Grid Note.
4. Intercept Letter Agreement.

I will send the new Revolving Credit Facility Agreement in relation to FHP under a separate email immediately following.

We have already overnighted the original grid note for $2 billion and an original Intercept Letter signed by all parties. Per your request, we will send original agreement signature pages for both agreements as well – can we send those tomorrow or do you need the overnighted too?

Let us know. We look forward to receiving your confirmation of closing.

Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 3:09 PM
To: Victor Buza
Cc: Lisa Stein; Sarah Harris; Anthony Martinello
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hello Victor,

I clarified internally and we would want an original signature page for the FHP Agreement and

Amending Agreement No. 10.

Thanks,

Will

From: William Tan
Sent: Monday, November 06, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

My apologies. Please scan the separated $2B and $475 MM Grid promissory notes. Forward the $2B promissory note but hold on to the $475MM Grid Promissory Note until November 21.

- Resolution of the Board of Directors
- Incumbency Certificate
- Intercept Letter
- $2 B Grid Promissory Note
- $475 MM Grid Promissory Note

Yes, please forward the documents to myself.

William Tan
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, November 06, 2017 2:12 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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confirm, are you saying you want a scan of the $475MM grid note?

Just so I get it right, should I courier the hardcopies of the Intercept Letter and Note to your attention and address, Will? Call me if it's quicker.

Victor
416-969-6079

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 1:57 PM
To: Victor Buza; Anthony Martinello
Cc: Lisa Stein; Sarah Harris
Subject: FW: Signatures for FHP and Amending Agreement No. 10

Hi Victor,

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You were probably going to include the following signed soft copies anyway but out of caution I have listed them below:

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Thanks,

Will

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Sent: Monday, November 06, 2017 10:48 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Signatures for FHP and Amending Agreement No. 10

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Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: November 06, 2017 10:33 AM
To: Anthony Martinello
Cc: Lisa Stein; Victor Buza; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
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From: Sarah Neville
To: Lisa Stein
Subject: RE: Today
Date: Friday, November 03, 2017 10:12:39 AM

Thanks – one of those mornings (the kind where you feel it must be 2pm and you look at the clock and it's 6:45 am!). Things are calming down a bit now so I should be online more than I expected (fingers crossed). Good luck with FHP. Let me know when it is done!

Sarah

From: Lisa Stein
Sent: Friday, November 03, 2017 9:27 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: Today

Oh no! I hope she's feeling better soon.

From: Sarah Neville
Sent: Friday, November 03, 2017 7:07 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Collins <Mara.Collins@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Hresa Gavaris <Hresa.Gavaris@ofina.on.ca>
Subject: Today

Hi All - unfortunately I have a sick Ava on my hands this morning. I am going to work from home to the extent I can but may not be on line all day. I'll keep you posted but will continue check my phone if I am not near my laptop.

Sarah

Sent from my iPhone

From: Lisa Stein
To: Sarah Harris
Subject: RE: Touch Base
Date: Friday, September 08, 2017 5:47:27 PM

Hi Sarah,

Let's discuss his comments re: 3.2 on Monday; otherwise nothing substantive.

Lisa

From: Sarah Harris
Sent: Friday, September 08, 2017 4:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Touch Base

Thank you, Victor.

As an update, the directive wasn't signed today; we've had it escalated.

I have to run from the office, but Lisa Stein is currently reviewing the draft and I've asked that she get back to you if she sees anything pressing. I will also look at both agreements tonight and we will provide comments Monday morning.

Best regards,
Sarah
416-325-8193

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in

AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From:	Victor Buza
To:	Sarah Harris
Cc:	William Tan; Lisa Stein; Anthony Martinello; John Kim; Shajee Kathirgamanathan
Subject:	RE: Touch Base
Date:	Friday, September 08, 2017 4:13:10 PM

Ok thanks – fyi, one more minor fix I forgot to include in the document I just sent is in 3.2(2) – the beginning of the final sentence should be corrected to read:

"Such notations, in the absence of manifest error, shall be *prima facie* evidence of ~~the~~ such ~~a~~Advances and repayments;…

Victor

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 4:07 PM
To: Victor Buza
Cc: William Tan; Lisa Stein; Anthony Martinello; John Kim; Shajee Kathirgamanathan
Subject: RE: Touch Base

Thank you, Victor.

As an update, the directive wasn't signed today; we've had it escalated.

I have to run from the office, but Lisa Stein is currently reviewing the draft and I've asked that she get back to you if she sees anything pressing. I will also look at both agreements tonight and we will provide comments Monday morning.

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To: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Subject: RE: Touch Base

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Victor
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Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

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- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From:	Sarah Harris
To:	"Victor Buza"
Cc:	William Tan; Lisa Stein; Anthony Martinello; John Kim; Shajee Kathirgamanathan
Subject:	RE: Touch Base
Date:	Friday, September 08, 2017 4:07:27 PM

Thank you, Victor.

As an update, the directive wasn't signed today; we've had it escalated.

I have to run from the office, but Lisa Stein is currently reviewing the draft and I've asked that she get back to you if she sees anything pressing. I will also look at both agreements tonight and we will provide comments Monday morning.

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Sarah
416-325-8193

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Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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

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From: Victor Buza
To: Sarah Harris
Cc: William Tan; Lisa Stein; Anthony Martinello
Subject: RE: Touch Base
Date: Friday, September 08, 2017 3:31:51 PM
Attachments: FHP credit facility agreement IESO Legal Sept 8.docx

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September (·), 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the (·) day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**")
(as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**")
(as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

Commented [VB1]: NOTE - I bolded the 3 defined terms

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"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

Commented [VB2]: Grammar corrected

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Commented [VB3]: grammar requires correction

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Commented [VB4]: Made consistent with the language in Amending Agreement #10 and standard practice

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance. [Either end sentence after "Advance" and delete remainder, OR keep the remainder but insert the words: "which shall in any case be] in accordance with Section 2.2]. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

Commented [VB5]: IESO is not actually certifying in accordance with the language in s.2.2, so this should be fixed in accordance with one of the options in order to be accurate.

Commented [VB6]: This appears to be the same as the definition of "Advances Outstanding" so ordinarily should use the defined term - see also item (v) of Grid Note. If this is different than the defined term, let us know.

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after D~~d~~efault and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

Commented [VB7]: This is a defined term

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Ddefault or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Commented [VB8]: Defined term

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest

accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies~~moneys~~ or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)325-8111

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of~~or~~ this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Fax: 416-204-7920

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ~~Election Notice~~ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. ~~Borrowing Notice~~BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3)~~3.2~~ of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

By: _____

~~By: _____~~

Commented [VB9]: Per the terms of our Board Resolution, IESO's CFO is authorized to sign all agreements, instruments and ancillary documents - no second signature line required here

Revolving Credit Facility Grid Note

Ontario Financing Authority

Line of Credit Grid Note

Entity :	Independent Electricity System Operator
Loan Limit:	
Project:	
Schedule of loan transactions to:	
Loan Advanced to:	

New Loan and/or Rollover						Actual Repayment					
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment		Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: "Victor Buza"
Cc: Sarah Harris
Subject: RE: Touch Base
Date: Friday, September 08, 2017 5:48:54 PM

Hi Victor,

I don't see anything pressing. However, internal discussion still required so we will get back to you on Monday (more likely in the afternoon).

Have a great weekend!

Lisa

From: Sarah Harris
Sent: Friday, September 08, 2017 4:07 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Touch Base

Thank you, Victor.

As an update, the directive wasn't signed today; we've had it escalated.

I have to run from the office, but Lisa Stein is currently reviewing the draft and I've asked that she get back to you if she sees anything pressing. I will also look at both agreements tonight and we will provide comments Monday morning.

Best regards,
Sarah
416-325-8193

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From: Victor Buza
To: William Tan
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris; Lisa Stein
Subject: RE: Updated Incumbency Certificate
Date: Monday, September 17, 2018 12:24:59 PM

Thanks Will. I can confirm that the term "Credit Facilities" in the resolution refers to all of the credit facilities referenced in the resolution, including both OFA facilities.

Regarding the suggested adder ("as may be amended from time to time"), I would propose to leave the language as is. Firstly, for the sake of consistency. The reference in the Certificate to the 2005 agreement "as amended" is a reference to the fact that the 2005 agreement had already been amended numerous times – and was being amended one more time – at the time the Certificate was executed. On the other hand, the FHP loan had not been amended as of execution (this being the original loan), and it has yet to be amended as of today.

Second, if the FHP facility is amended in the future, this would likely be accompanied by a new Certificate in any case, at which time the wording can be amended to reflect the then applicable circumstances.

So for the above reasons, I propose to leave the language unchanged. Hopefully this makes sense.

Thanks,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 17, 2018 11:09 AM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris; Lisa Stein
Subject: FW: Updated Incumbency Certificate

CAUTION: This email originated from outside of the organization. Exercise caution when clicking on links or opening attachments even if you recognize the sender.

Hello Victor,

The Board Resolution in relation to the OFA credit facilities is redacted, as such the reference to "Credit Facilities" therein may not be general. In any event, it is appropriate that the COI refers to the two specific OFA agreements. The only comment is the reference to the 2017 FHP agreement could also state "as may be amended from time to time".

Also, there is no need for a new certificate in relation to the OEFC financings at this time.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will – I will have to defer to your group on the details relating to differences in documentation for the different financings. We have been using the forms of incumbency certificates OEFC/OFA gave to us for each of the financings (as this is a lender requirement).

The first two items on your list are the OEFC financings which were last renewed on May 1, 2017. These used a slightly different form of Incumbency Certificate than the one that I forwarded re the last two financings (i.e. the OFA financings). The certificate for the OEFC financings addressed the identity and authority of the authorized signatory only as of the date of execution of the May 2017 amending agreements. Separately, we also provided a certified Board resolution authorizing IESO's CFO to draw funds under the OEFC financings.

The form of certificate I forwarded for your review yesterday is the one OFA required in the past in connection with the two OFA financings only.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2018 1:28 PM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris
Subject: FW: Updated Incumbency Certificate

CAUTION: This email originated from outside of the organization. Exercise caution when clicking on links or opening attachments even if you recognize the sender.

Hello Victor,

May I provide final comments tomorrow? Lisa Stein is away until tomorrow. However, if this matter is urgent, I can call upon another contact.

In the interim, to my knowledge IESO has four agreements with OFA. The Incumbency Certificate only mentions two agreements. Unless of course you intended to provide signing authority to these two specific agreements only.

$120M Note, April 1, 1999
$160M Revolving Credit Facility, April 23, 2010
$2B Revolving Credit Facility, Nov 6, 2017
$475M Credit Agreement, Jan 1, 2005

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 10:12 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Updated Incumbency Certificate

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I have prepared a draft updated certificate based on the current certificate (see attached) and just wanted to confirm its form is acceptable to OFA prior to arranging for it to be executed.

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079

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including any attachments, without reading them, and destroy all copies. Thank you.

From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Updated Incumbency Certificate
Date: Monday, September 17, 2018 11:19:50 AM

Hi Will,

FYI - the first two sentences contained my analysis and were not intended for the IESO.

Lisa

From: William Tan
Sent: Monday, September 17, 2018 11:09 AM
To: 'Victor Buza' <Victor.Buza@ieso.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Updated Incumbency Certificate

Hello Victor,

The Board Resolution in relation to the OFA credit facilities is redacted, as such the reference to "Credit Facilities" therein may not be general. In any event, it is appropriate that the COI refers to the two specific OFA agreements. The only comment is the reference to the 2017 FHP agreement could also state "as may be amended from time to time".

Also, there is no need for a new certificate in relation to the OEFC financings at this time.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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identity and authority of the authorized signatory only as of the date of execution of the May 2017 amending agreements. Separately, we also provided a certified Board resolution authorizing IESO's CFO to draw funds under the OEFC financings.

The form of certificate I forwarded for your review yesterday is the one OFA required in the past in connection with the two OFA financings only.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2018 1:28 PM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris
Subject: FW: Updated Incumbency Certificate

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Hello Victor,

May I provide final comments tomorrow? Lisa Stein is away until tomorrow. However, if this matter is urgent, I can call upon another contact.

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$475M Credit Agreement, Jan 1, 2005

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Victor

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: RE: Updated Incumbency Certificate
Date: Monday, September 17, 2018 9:45:56 AM

Hi Will,

The COI is intended only for the two OFA credit facilities. Based on Victor's e-mail below, it appears that there is no need for a new certificate in relation to the OEFC financings at this time.

As the Board Resolution in relation to the OFA credit facilities is redacted, it is possible that the reference to "Credit Facilities" therein may not be general. In any event, I think it is appropriate that the COI refers to the specific OFA agreements. My only comment is that perhaps the reference to the 2017 FHP agreement could also state "as may be amended from time to time".

Happy to discuss.

Lisa

From: William Tan
Sent: Friday, September 14, 2018 10:21 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Lisa,

My only comment is the IESO has four credit facilities with us and only two of them were noted on the COI. According to the Board Resolution, the CFO has general signing authority, so it may not be necessary to note the two specific credit facilities. Other than that, I have no other concerns.

Thanks,

Will

From: Lisa Stein
Sent: Friday, September 14, 2018 10:17 AM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will,

Do you have specific concerns with the COI for the OFA financings? It appears that they have used the same form as in the past.

Lisa

From: William Tan
Sent: Thursday, September 13, 2018 3:17 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Updated Incumbency Certificate

Hi Lisa,

Just checking-in if you have a chance to look at the COI?

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, September 12, 2018 4:04 PM
To: William Tan <William.Tan@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will,

Sorry I haven't had a chance to look at this today due to high priority Board items. I'll try to look at this either later afternoon or tomorrow.

Thank you,

Lisa

From: William Tan
Sent: Wednesday, September 12, 2018 3:16 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Updated Incumbency Certificate

Hi Lisa,

You are probably busy, this being your first day back from vacation. Do you think you are going to get a chance to look at this today? I just want to give Victor an update.

Thanks,

Will

From: William Tan
Sent: Wednesday, September 12, 2018 8:53 AM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: Updated Incumbency Certificate

Hello Lisa,

Would you be able to assist with this?
My comments are below. Victor indicated that his draft COI is consistent in format to the COI provided on November 6, 2017 and reviewed by us.
Attached is the draft Incumbency Certificate provided by Victor. I have included a copy of the Board Resolution from June 14, 2017 (that authorizes the CFO) and COI from November 6, 2017 of the same format as the draft.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 11, 2018 4:22 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Hi Will – I will have to defer to your group on the details relating to differences in documentation for the different financings. We have been using the forms of incumbency certificates OEFC/OFA gave to us for each of the financings (as this is a lender requirement).

The first two items on your list are the OEFC financings which were last renewed on May 1, 2017. These used a slightly different form of Incumbency Certificate than the one that I forwarded re the last two financings (i.e. the OFA financings). The certificate for the OEFC financings addressed the identity and authority of the authorized signatory only as of the date of execution of the May 2017 amending agreements. Separately, we also provided a certified Board resolution authorizing IESO's CFO to draw funds under the OEFC financings.

The form of certificate I forwarded for your review yesterday is the one OFA required in the past in connection with the two OFA financings only.

Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2018 1:28 PM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris
Subject: FW: Updated Incumbency Certificate

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Hello Victor,

May I provide final comments tomorrow? Lisa Stein is away until tomorrow. However, if this matter is urgent, I can call upon another contact.

In the interim, to my knowledge IESO has four agreements with OFA. The Incumbency Certificate only mentions two agreements. Unless of course you intended to provide signing authority to these two specific agreements only.

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Thanks,

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I have prepared a draft updated certificate based on the current certificate (see attached) and just wanted to confirm its form is acceptable to OFA prior to arranging for it to be executed.

Thanks,
Victor

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From:	William Tan
To:	"Victor Buza"
Cc:	Olga Whiteley; Anthony Martinello; Sarah Harris; Lisa Stein
Subject:	RE: Updated Incumbency Certificate
Date:	Monday, September 17, 2018 2:19:47 PM

Hello Victor,

We agree with your opinion to leave the language unchanged in the draft COI.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, September 17, 2018 12:25 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Olga Whiteley <Olga.Whiteley@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Updated Incumbency Certificate

Thanks Will. I can confirm that the term "Credit Facilities" in the resolution refers to all of the credit facilities referenced in the resolution, including both OFA facilities.

Regarding the suggested adder ("as may be amended from time to time"), I would propose to leave the language as is. Firstly, for the sake of consistency. The reference in the Certificate to the 2005 agreement "as amended" is a reference to the fact that the 2005 agreement had already been amended numerous times – and was being amended one more time – at the time the Certificate was executed. On the other hand, the FHP loan had not been amended as of execution (this being the original loan), and it has yet to be amended as of today.

Second, if the FHP facility is amended in the future, this would likely be accompanied by a new Certificate in any case, at which time the wording can be amended to reflect the then applicable circumstances.

So for the above reasons, I propose to leave the language unchanged. Hopefully this makes sense.

Thanks,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 17, 2018 11:09 AM
To: Victor Buza
Cc: Olga Whiteley; Anthony Martinello; Sarah Harris; Lisa Stein
Subject: FW: Updated Incumbency Certificate

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From:	William Tan
To:	Lisa Stein
Cc:	Sarah Neville; Sarah Harris; Caroline Swerdlyk
Subject:	RE: Waiver - FHP Agreement, 5-day minimum period exception
Date:	Thursday, March 08, 2018 12:00:12 PM
Attachments:	(draft) OFHP IESO waiver .docx RE FHP Agreement 5-day minimum period exception.msg

Hello Lisa,

Please find the attached draft waiver. (Highlighted in yellow are details subject to change). Also, attached is Cash Management's approval. Please review the waiver and provide your comments.

Thanks,

Will

From: Sarah Neville
Sent: Wednesday, March 07, 2018 4:29 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi William – I am copying Caroline to bring her into the correspondence.

I expect that determining whether or not to grant the waiver will be a business decision. I will ask Lisa to loop in Caroline on her review of the agreement and advice tomorrow.

If you could provide a form of waiver tomorrow, Lisa can do a preliminary review and provide feedback. Waiver documents themselves are fairly straightforward.

Thanks very much,

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 4:18 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi Sarah N,

I think I will need resourcing next week. Caroline covered for Lisa last year on the FHP Agreement and is familiar with it.

Thanks,

Will

From: Sarah Neville
Sent: Wednesday, March 07, 2018 4:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi Lisa – As you are intimately familiar with these documents I am sending this your way.

Will, I note, both Lisa and I are going to be away until Mar 19, Lisa as of end of day tomorrow and me as of end of day Friday. If you think this will need resourcing next week please advise as soon as possible so that I can allocate to another lawyer.

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 3:58 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Waiver - FHP Agreement, 5-day minimum period exception

Hello Sarah N,

As an exception, IESO has requested OFA to waive the 5 day minimum repayment period for a 1 day repayment period. Carlos has indicated that this would occur infrequently. I am currently awaiting confirmation from Settlements and Cash Management if they have any concerns from an operational standpoint. IESO will have specific amounts/details this Friday. In the interim I will draft a waiver.
I will require assistance to review the waiver.Please advise who will be available to work with me on this waiver. Additional details are below.

Thanks,

Will

From: Carlos Yep
Sent: Wednesday, March 07, 2018 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: RE: FHP Agreement, 5-day minimum period exception

Hi Will
The waiver for the 5 day minimum is expected to occur on an infrequent but periodic basis.
Regards
Carlos

From: William Tan
Sent: Wednesday, March 07, 2018 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Agreement, 5-day minimum period exception

Hello all,

IESO has asked OFA for a one-time exception to waive the minimum period for advances of 5 days (FHP Credit Facility Agreement). IESO has asked for an advance period of 1 day, so it may use money expected from OPG to repay its advance on the same day it matures.

IESO's current outstanding advance of $322M, matures on March 21, 2018. IESO will require an additional advance of $208M (to pay power generators) for a total of $530M, but will only require this for 1 day because IESO expects to receive funds from OPG to repay its advances on March 22. Rather than incurring additional interest costs of borrowing until March 26, 2018 (5 day minimum), IESO would prefer to match the maturity of its advances and expected cash inflow from OPG.

Please let me know if your respective areas have any concerns or issues from an operational standpoint.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
Phone: 416-325-8000

Office ontarien de financement
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

March 7, 2018

Kimberly Marshall
Independent Electricity System Operator
120 Adelaide Street, Suite 1600
Toronto, M5H 1T1

Re: **$530,000,000 Borrowing and Election Notice Dated March 21, 2018 waiver 5 day minimum advance period.**

Dear Kimberly,

The Ontario Financing Authority ("OFA") is in receipt of the Borrowing Notice and Election Notice provided by Independent Electricity System Operator ("IESO") to the OFA dated March 21, 2018 for the new proposed advance of $208,000,000 (the "March 21, 2018 Borrowing Notice") and proposed Continued Advance of $332,400,560.14 (the "March 21, 2018 Election Notice) under the FHP Revolving Credit Facility Agreement 2017-2022 between IESO and OFA dated November 6, 2017, as amended (the "Credit Agreement"), the terms defined therein being used herein as therein defined.

For the sole purpose of the March 21, 2018 Borrowing Notice and Election Notice, OFA hereby agrees to modify the requirement set out in section 3.2 of the Credit Agreement that the Repayment Date of the Advance which shall not b earlier than 5 days and not later than 95 days after the date of the request Advance. OFA also agrees to modify the requirement set out in section 3.3 that any Advance and any amount of interest on such Advance (together, the "Continued Advance")for a further period of at least 5 says and up to a maximum of 95 days beginning on the then current Repayment Date. IESO consents to a Repayment Date of 1 day from the date of the proposed Advance and proposed Continued Advance under the Borrowing Notice and Election Notice, for the full principal amount of the proposed Advance and proposed Continued Advance.

Accordingly, OFA waives the requirement as set out in section 3.2 and Schedule 1 of the Credit Agreement for IESO to provide the following certification in the March 21, 2018 Borrowing Notice:

> "(c) The Repayment Date of the Proposed Advance is_____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]"

Additionally, OFA waives the requirement as set out in section 3.3 and Schedule 2 of the Credit Agreement for IESO to provide the following certification in the March 21, 2018 Election Notice:

"(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]"

Subject to the foregoing, section 3.2 and 3.3 of the Credit Agreement applies to all future Proposed Advances.

Best Regards,

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By:_____
Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer,
Capital Markets Division

From: Salvatore Alfano []
To: William Tan [William.Tan@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; SETTLEMENT [SETTLEMENT@ofina.on.ca]; CASHP [CASHP@ofina.on.ca]
CC: Sarah Harris [Sarah.Harris@ofina.on.ca]
Subject: RE: FHP Agreement, 5-day minimum period exception
Date: Thursday, March 08, 2018 10:57:36

Hi,

We would have no concerns from an operational standpoint.

Sal

From: William Tan
Sent: Wednesday, March 07, 2018 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Agreement, 5-day minimum period exception

Hello all,

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Please let me know if your respective areas have any concerns or issues from an operational standpoint.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400

Toronto, Ontario M5G 1Z3, CANADA

Tel. (416) 325-8090 | Fax: (416) 860-8346

william.tan@ofina.on.ca

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From: Sarah Neville
To: William Tan
Cc: Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception
Date: Wednesday, March 07, 2018 4:29:00 PM

Hi William – I am copying Caroline to bring her into the correspondence.

I expect that determining whether or not to grant the waiver will be a business decision. I will ask Lisa to loop in Caroline on her review of the agreement and advice tomorrow.

If you could provide a form of waiver tomorrow, Lisa can do a preliminary review and provide feedback. Waiver documents themselves are fairly straightforward.

Thanks very much,

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 4:18 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

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Hi Lisa – As you are intimately familiar with these documents I am sending this your way.

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Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 3:58 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Waiver - FHP Agreement, 5-day minimum period exception

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From:	Sarah Neville
To:	Caroline Swerdlyk
Cc:	Lisa Stein
Subject:	RE: Waiver - FHP Agreement, 5-day minimum period exception
Date:	Wednesday, March 07, 2018 4:28:23 PM

Terrific, thank you. If they have the form of waiver ready for tomorrow, I think this may just need babysitting. I'll let William know.

Sarah

From: Caroline Swerdlyk
Sent: Wednesday, March 07, 2018 4:28 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Yes, I can. I will follow-up with Lisa tomorrow.

Caroline

From: Sarah Neville
Sent: Wednesday, March 07, 2018 4:23 PM
To: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: Waiver - FHP Agreement, 5-day minimum period exception

Hi Caroline, will you be able to carry this forward next week. Lisa is doing a review of the agreement and can provide you with background and advice tomorrow.

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To: Sarah Neville <Sarah.Neville@ofina.on.ca>
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Subject: Waiver - FHP Agreement, 5-day minimum period exception

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From:	Caroline Swerdlyk
To:	Sarah Neville
Cc:	Lisa Stein
Subject:	RE: Waiver - FHP Agreement, 5-day minimum period exception
Date:	Wednesday, March 07, 2018 4:27:39 PM

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From: William Tan
To: Sarah Neville
Cc: Sarah Harris; Lisa Stein
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception
Date: Wednesday, March 07, 2018 4:17:45 PM

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From:	Sarah Neville
To:	William Tan
Cc:	Sarah Harris; Lisa Stein
Subject:	RE: Waiver - FHP Agreement, 5-day minimum period exception
Date:	Wednesday, March 07, 2018 4:04:50 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version.docx

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: November ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of November 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"**First Advance**" has the meaning specified in Section 3.2(3).

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*,S.O. 2017, c. 16, Schedule 1, including any regulations made thereunder, and all as amended from time to time.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license

or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other

lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

(3) Respecting the first Advance to be made under this Agreement (the "**First Advance**"), a specified portion thereof (the "**Repayment Amount**") shall be used to repay a portion of the IESO's outstanding indebtedness to the OFA under the credit agreement between the Parties dated January 1, 2005, as amended (the "**Existing Credit Facility**"). The amount of the Repayment Amount shall be detailed in the Borrowing Notice issued in respect of the First Advance. Concurrently with the First Advance, OFA shall provide to IESO an updated grid in respect of the grid note issued under the Existing Credit Facility evidencing the repayment of the Repayment Amount thereunder.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than

10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the

OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Repayment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of even date herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the *Capital Investment Plan Act, 1993* (the "**Intercept Letter**"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.

(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.

(e) The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or

inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the

prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement, including the schedules hereto and any other agreements expressly referred to herein, constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the Parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Gadi Mayman
Title: Chief Executive Officer

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated **[INSERT DATE]** as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Cc:	Caroline Swerdlyk
Subject:	RE: Waiver - FHP Agreement, 5-day minimum period exception
Date:	Thursday, March 08, 2018 12:11:28 PM
Attachments:	Proposed $200M OPG Advance due January 22 2048[Executed].pdf FW IESO $2B Credit Facility - Notice for Feb 16.msg

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Hi Lisa,

Attached is the a OPG waiver and Feb 21, Election Form.

Thanks,

Will

From: William Tan
Sent: Thursday, March 08, 2018 12:00 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hello Lisa,

Please find the attached draft waiver. (Highlighted in yellow are details subject to change). Also, attached is Cash Management's approval. Please review the waiver and provide your comments.

Thanks,

Will

From: Sarah Neville
Sent: Wednesday, March 07, 2018 4:29 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi William – I am copying Caroline to bring her into the correspondence.

I expect that determining whether or not to grant the waiver will be a business decision. I will ask Lisa to loop in Caroline on her review of the agreement and advice tomorrow.

If you could provide a form of waiver tomorrow, Lisa can do a preliminary review and provide

feedback. Waiver documents themselves are fairly straightforward.

Thanks very much,

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 4:18 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi Sarah N,

I think I will need resourcing next week. Caroline covered for Lisa last year on the FHP Agreement and is familiar with it.

Thanks,

Will

From: Sarah Neville
Sent: Wednesday, March 07, 2018 4:05 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Waiver - FHP Agreement, 5-day minimum period exception

Hi Lisa – As you are intimately familiar with these documents I am sending this your way.

Will, I note, both Lisa and I are going to be away until Mar 19, Lisa as of end of day tomorrow and me as of end of day Friday. If you think this will need resourcing next week please advise as soon as possible so that I can allocate to another lawyer.

Sarah

From: William Tan
Sent: Wednesday, March 07, 2018 3:58 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: Waiver - FHP Agreement, 5-day minimum period exception

Hello Sarah N,

As an exception, IESO has requested OFA to waive the 5 day minimum repayment period for a 1 day

repayment period. Carlos has indicated that this would occur infrequently. I am currently awaiting confirmation from Settlements and Cash Management if they have any concerns from an operational standpoint. IESO will have specific amounts/details this Friday. In the interim I will draft a waiver.
I will require assistance to review the waiver.Please advise who will be available to work with me on this waiver. Additional details are below.

Thanks,

Will

From: Carlos Yep
Sent: Wednesday, March 07, 2018 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP Agreement, 5-day minimum period exception

Hi Will
The waiver for the 5 day minimum is expected to occur on an infrequent but periodic basis.
Regards
Carlos

From: William Tan
Sent: Wednesday, March 07, 2018 3:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP Agreement, 5-day minimum period exception

Hello all,

IESO has asked OFA for a one-time exception to waive the minimum period for advances of 5 days (FHP Credit Facility Agreement). IESO has asked for an advance period of 1 day, so it may use money expected from OPG to repay its advance on the same day it matures.

IESO's current outstanding advance of $322M, matures on March 21, 2018. IESO will require an additional advance of $208M (to pay power generators) for a total of $530M, but will only require this for 1 day because IESO expects to receive funds from OPG to repay its advances on March 22. Rather than incurring additional interest costs of borrowing until March 26, 2018 (5 day minimum), IESO would prefer to match the maturity of its advances and expected cash inflow from OPG.

Please let me know if your respective areas have any concerns or issues from an operational standpoint.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Ontario Electricity Financial Corporation
1 Dundas Street West
Suite 1400
Toronto ON M7A 1Y7
(416) 325-8000

Société financière de l'industrie de l'électricité de l'Ontario
1 rue Dundas ouest
Bureau 1400
Toronto ON M7A 1Y7

Ontario

January 15, 2018

Ken Hartwick
Ontario Power Generation Inc.
700 University Avenue, H18
Toronto, M5G 1X6

Re: $200,000,000 Proposed Advance under Borrowing Notice Dated January 8, 2018

Dear Ken,

The Ontario Electricity Financial Corporation ("OEFC") is in receipt of the Borrowing Notice provided by Ontario Power Generation ("OPG") to the OFA dated January 8, 2018 for the Proposed Advance of $200,000,000 (the "January 8, 2018 Borrowing Notice") under the General Corporate Requirements Credit Facility Agreement between OPG and OEFC dated June 16, 2016, as amended (the "Credit Agreement"), the terms defined therein being used herein as therein defined.

For the sole purpose of the January 8, 2018 Borrowing Notice, OEFC hereby agrees to modify the requirement set out in section 3.1 of the Credit Agreement that no more than 50% of the Proposed Advances for 2018 shall have a Repayment Date of no more than 30 years. As such, notwithstanding the total amount of Proposed Advances under the Credit Agreement for 2018, OEFC consents to a Repayment Date of 30 years from the date of the Proposed Advance under the Borrowing Notice, for the full principal amount of the Proposed Advance.

Accordingly, OEFC waives the requirement as set out in Section 3.2 and Schedule 1 of the Credit Agreement for OPG to provide the following certification in the January 8, 2018 Borrowing Notice:

> "The Repayment Date of any of the Proposed Advance(s) for 2018 is (a) no more than 30 years after the date of such Proposed Advance for no more than 50% of the total of all Proposed Advances for 2018 and (b) no more than 10 years after the date of the Proposed Advance for the remaining amount of the Proposed Advances for 2018."

Subject to the foregoing, section 3.1 of the Credit Agreement applies to all future Proposed Advances.

Best Regards,

ONTARIO ELECTRICITY FINANCIAL CORPORATION

By: _____
Name: Michael D. Manning
Title: Chief Operating Officer

From: Carlos Yep []
To: William Tan [William.Tan@ofina.on.ca]
Subject: FW: IESO $2B Credit Facility - Notice for Feb 16
Date: Thursday, March 08, 2018 10:28:07
Attachment 1: Rollover Notice with advance.pdf

From: Carlos Yep
Sent: Friday, February 16, 2018 9:45 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO $2B Credit Facility - Notice for Feb 16

For FHP

Roll-over	$199,486,717.08
New advance	$132,913,843.06
Total advances	$332,400,560.14

From: Olga Whiteley [mailto:Olga.Whiteley@ieso.ca]
Sent: Friday, February 16, 2018 9:13 AM
To: CASHP <CASHP@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: IESO $2B Credit Facility - Notice for Feb 16

Please see attached notice for February 16 regarding IESO's $2B facility for the Fair Hydro Program.

Thanks.

Olga Whiteley | Treasury and Pension Operations
Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
Station A, Box 4474, Toronto, ON M5W 4E5
Web: www.ieso.ca[ieso.ca] | Email: olga.whiteley@ieso.ca

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ieso
Connecting Today.
Powering Tomorrow.

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON M5W 4E5
t 905.403.6900
www.ieso.ca

SCHEDULE 2
ELECTION NOTICE

Date: **February 16, 2018**

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7
Delivered Via Email: CASHP@ofina.on.ca

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is **February 21, 2018.**
(b) The aggregate amount of the proposed Continued Advance is **$199,486,717.08**, which is comprised of:
i. principal amount of Advance which is to be continued **$199,486,717.08**; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date **$0.00**;
(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): **$0.00**;
(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is **March 20, 2018**. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

IESO confirms it will also be paying interest in the amount of **$261,518.89**.

Such election shall be confirmed by IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: **$132,913,843.06**

The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: **$332,400,560.14**

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): **This transaction relates to the Fair Hydro Program**.

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: K Marshall

Kimberly Marshall
VP Corporate Services, CFO and Treasurer

From:	Whitfield, Tobias P. (MOF)
To:	William Tan; Lisa Stein
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 4:49:45 PM

Sorry – meant timing for call – realize there are other issues in that email so wanted to clarify.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: Whitfield, Tobias P. (MOF)
Sent: August 8, 2017 4:49 PM
To: Tan, William (OFA); Stein, Lisa (OFA)
Cc: Harris, Sarah (OFA)
Subject: RE: conference call re FHP Agreement

That is fine with me.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 8, 2017 3:32 PM
To: Stein, Lisa (OFA); Whitfield, Tobias P. (MOF)
Cc: Harris, Sarah (OFA)
Subject: RE: conference call re FHP Agreement

Hi Toby and Lisa,

Do you mind sharing with me the issues that are outstanding? (So I may take advantage of the time before the afternoon call. I want to avoid any new items that would push this back another day). Possibly one of these issues can be addressed immediately since Mike and Ken have already weigh-in?
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Sent: Tuesday, August 08, 2017 3:18 PM
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Hello,

Is everyone available at 2pm tomorrow?

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Sent: Tuesday, August 08, 2017 11:06 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Lisa

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From:	Whitfield, Tobias P. (MOF)
To:	William Tan; Lisa Stein
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 4:49:13 PM

That is fine with me.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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Cc: Harris, Sarah (OFA)
Subject: RE: conference call re FHP Agreement

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From:	Lisa Stein
To:	William Tan; Tobias P. Whitfield (MOF)
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 3:35:44 PM

We are in the process of preparing an e-mail. In terms of "permitted liens", I've already included revised language in the latest draft; however, I'm waiting until outstanding issues are resolved before sending it out as I don't think these issues should be reviewed/discussed in isolation.

Lisa

From: William Tan
Sent: Tuesday, August 08, 2017 3:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
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Subject: RE: conference call re FHP Agreement

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To: William Tan <William.Tan@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Thank you,

Lisa

From:	William Tan
To:	Lisa Stein; Tobias P. Whitfield (MOF)
Cc:	Sarah Harris
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 3:32:29 PM

Hi Toby and Lisa,

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: conference call re FHP Agreement

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From: Lisa Stein
Sent: Tuesday, August 08, 2017 11:06 AM
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Thank you,

Lisa

From:	Sarah Harris
To:	William Tan; Lisa Stein; Bruno Amara; John Kim; Tobias P. Whitfield (MOF)
Subject:	RE: conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 3:22:53 PM

Hi,

That works for me.

Sarah

From: William Tan
Sent: Tuesday, August 08, 2017 3:18 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: conference call re FHP Agreement

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Will

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Thank you,

Lisa

From: William Tan
To: Lisa Stein; Sarah Harris; Bruno Amara; John Kim; Tobias P. Whitfield (MOF)
Subject: RE: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 3:17:50 PM

Hello,

Is everyone available at 2pm tomorrow?

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, August 08, 2017 11:06 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
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Thank you,

Lisa

From: William Tan
To: Lisa Stein; Tobias P. Whitfield (MOF)
Cc: Sarah Harris
Subject: RE: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 8:13:46 PM

Thank you Lisa and Toby,

I look forward to receiving the outstanding issues you have identified.
The issues I believe to be outstanding are:

1. *Permitted Liens "(k) any Lien arising in connection with the IESO's role and obligations under the OFHP including with respect to any amounts collect and held by IESO in relation to the Clean Energy Adjustment, or otherwise,"* – Operations for HP are still being worked out and it's difficult to itemize everything that would fall under (k).

2. Intercept provision – We are to review the new proposed language. I believe John, Ken and Mike have settled this matter.

3. Section 3.3(5) "The credit facility shall rank paris passu with all other unsecured Indebetendness of the IESO…." - I believe John, Ken and Mike have settled this matter.

So that I may be aware, are there any other new additional issues that have come forth?

-

-

Execution Plan

-

Anthony (IESO) has informed me that they will require a new advancement of $250 million in addition to their existing balance of $253.1 million. Effectively an outstanding total balance of $503.10 million.
Monday, August 14 is our new signature date. If we can achieve this, the new $250 million advancement can be allocated to the $2 Billion Credit Facility and the Existing Credit Facility can be reduced from $975 million down to $475 million seamlessly.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, August 08, 2017 3:36 PM
To: William Tan <William.Tan@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

We are in the process of preparing an e-mail. In terms of "permitted liens", I've already included revised language in the latest draft; however, I'm waiting until outstanding issues are resolved before sending it out as I don't think these issues should be reviewed/discussed in isolation.

Lisa

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Sent: Tuesday, August 08, 2017 3:32 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: conference call re FHP Agreement

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Thank you,

Lisa

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Neville; John Kim; Sarah Harris
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Tuesday, October 24, 2017 2:00:19 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5.pdf FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5.docx FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5(blackline).docx

Hello Lisa,

I have made the changes mentioned below. Please find the attached FHP documents.

WT.

From: Lisa Stein
Sent: Tuesday, October 24, 2017 12:10 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

As per the mark-up I sent you yesterday, section 7.9 should be moved before 7.8 and named “Entire Agreement”. Please revise and send me new versions for review.

Thank you,

Lisa

From: William Tan
Sent: Monday, October 23, 2017 5:08 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hello Lisa,

As per conversation, please find the latest version of the blackline and clean version of the FHP. Please forward to Victor Buza.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Section 7.9 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Section 7.9~~8~~ Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan; Sarah Harris
Cc:	Sarah Neville; John Kim
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Friday, September 29, 2017 11:48:39 AM

You can send it now, with the caveat that the letter agreement needs to be executed first.

From: William Tan
Sent: Wednesday, September 27, 2017 5:27 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Lisa,

No comment on the FHP Credit Facility Agreement.
When would it be appropriate to circulate this agreement with IESO?

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, September 27, 2017 4:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Sarah and Will,

As per your request, please find attached a revised draft of the credit facility agreement, with amendments re: intercept blacklined.

Please let me know if you have any questions or concerns.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains

information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

From:	William Tan
To:	Lisa Stein; Sarah Harris
Cc:	Sarah Neville; John Kim
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Wednesday, September 27, 2017 5:27:24 PM

Hi Lisa,

No comment on the FHP Credit Facility Agreement.
When would it be appropriate to circulate this agreement with IESO?

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, September 27, 2017 4:09 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Sarah and Will,

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Please let me know if you have any questions or concerns.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Neville; John Kim; Sarah Harris
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Tuesday, October 24, 2017 12:09:52 PM

Hi Will,

As per the mark-up I sent you yesterday, section 7.9 should be moved before 7.8 and named "Entire Agreement". Please revise and send me new versions for review.

Thank you,

Lisa

From: William Tan
Sent: Monday, October 23, 2017 5:08 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hello Lisa,

As per conversation, please find the latest version of the blackline and clean version of the FHP. Please forward to Victor Buza.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Neville; John Kim; Sarah Harris
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Monday, October 23, 2017 5:07:37 PM
Attachments:	FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5.pdf FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5.docx FHP Revolving Credit Facility Agreement 2017-2022 Execution Version v5(blackline).docx

Hello Lisa,

As per conversation, please find the latest version of the blackline and clean version of the FHP. Please forward to Victor Buza.

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

Section 7.9 Counterparts.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

Section 7.9 Counterparts.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief
Investment Officer,
Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM
OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services;
Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:

i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : **Independent Electricity System Operator**
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: October ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of October 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

Section 7.9 Counterparts.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreement, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

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IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated October (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated October (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Monday, October 23, 2017 2:03:14 PM
Attachments:	OFA-OPA Original Credit Agreement.doc OFA-OPA Original Credit Agreement.pdf

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From: William Tan
Sent: Monday, October 23, 2017 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hello Lisa,

I have no comments regarding "Section 7.8 Entire Agreement".

On a separate matter, I was comparing the existing $975 million credit facility Amending Agreement No. 10, against the FHP Credit Facility and noticed Section 3.3 Elections Regarding Advances (6) and (7) was not included in the Amending Agreement update.
Also, FHP Credit Facility- Section 4.6 Negative Pledge has additional language that pertains to "not permit any Material Subsidiary to, create, incur or assume any Lien…". Should we add those changes to the Amending Agreement 10?

Attached is the original

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 23, 2017 10:31 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi John,

In general, the purpose is to clarify that the Agreement and its Schedules take precedence over any discussions or undertakings that may have occurred between the parties prior to the execution of the agreement. In other words, the OFA may not agree to amend the agreement, for example, to

change the permitted liens or remove the intercept provisions, on the basis of previous discussions or e-mails with the IESO.

The clause, which is generally boiler plate in an agreement, states as follows:

> This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreements, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Thanks,

Lisa

From: John Kim
Sent: Monday, October 23, 2017 10:23 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Lisa,

Could you remind me what the purpose of the "entire agreement" clause is?

Thanks,

John

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the **"OPA")**

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the **"OFA").**

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the paiiies agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or"$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person forborrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation oflaw to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally ac.cepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice")** shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(I) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of I month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice")** shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the tenns and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA, desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy/ insolvency/ reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement orby law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE?

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

Ifto OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn awrence
Authorized Signing Officer

and: _____
Name:
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____
Name: GadiMayman
Title: Chief Executive Officer

SCHEDULE 1

FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance")** as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is_____
(b) The aggregate amount of the Proposed Advance is____ _
(c) The Repayment Date of the Proposed Advance is_____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _ _ _ _ _ _ _ _ _ _
Rosalyn Lawrence
Authorized Signatory

Per: _ _ _ _ _ _ _ _ _ _
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement",** the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $____ _

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _ _ _ _ _ _ _ _ _ _
Rosalyn Lawrence
Authorized Signatory

Per: _ _ _ _ _ _ _ _ _ _
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"),** incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid")** attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert) between the Borrower and the OFA (the **"Credit Agreement").** All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: -1,'L::' ;aw,u L;,.. .....
Rosalyn Lawrence
Authorized Signatory

Per: _ _ _ _ _ _ _ _ _
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVMTCED	RATE	REPAYME:NT DATE AND PRINCIPAL REPAID	INTEREST.. PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL . BALANCE	NOTATION MADE BY

ONTARIO POWER AUTHORITY

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

CREDIT AGREEMENT

THIS AGREEMENT is made as of the 1st day of January 2005, between:

A. **ONTARIO POWER AUTHORITY a corporation established under the *Electricity Act, 1998*** (the "**OPA**")

B. **ONTARIO FINANCING AUTHORITY a Crown agency established under the *Capital Investment Plan Act, 1993*** (the "**OFA**").

RECITAL:

The OPA has requested an operating line of credit from the OFA in the amount of $500 million and the OFA has agreed to provide such a line of credit to the OPA.

NOW THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the OPA under Article 3 and **"Advance"** means any one of such advances.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; an the expression **"Article"** or **"Section"** followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2.

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"Dollars" or "$" means lawful currency of Canada.

"Commitment" means, at any time, an amount equal to $500 million.

"Consolidated Assets" means, at any time, the book value of the assets of the OPA, determined as of such time on a consolidated basis in accordance with generally accepted accounting principles.

"default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person; and

(f) every obligation of the type referred to in paragraphs (a) through (e) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Operating Facility" means the revolving credit facility to be made available to the OPA by the OFA under this Agreement for the purposes specified in Section 2.3.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of OPA to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the OPA under government permits, leases or other grants, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which the are held by the OPA;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the OPA that have not at the time been filed against the OPA; provided, however, that if any such Lien or charge shall have been filed, the OPA shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the OPA in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the OPA will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the OPA;

(i) any Liens and privileges arising out of judgments or awards with respect to which the OPA shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review; and

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the OPA, acting reasonably, material impair the use of the property subject thereto or the operation of the business of the OPA or the value of such property for the purpose of any such business.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or par of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

Section 1.2 Effect of Headings and Table of Contents.

The division of this Agreement into Articles and Sections the insertion of headings and the provision of a Table of Contents are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words **"including"** and **"includes"** mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with generally accepted accounting principles. Generally accepted accounting principles refer to accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2

OPERATING FACILITY

Section 2.1 Availability

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA. The OFA shall make each Advance in Canadian Dollars.

Section 2.2 Commitment and Facility Limits.

The Advances Outstanding to the OPA under the Operating Facility shall not at any time exceed the Commitment. The Operating Facility shall revolve and no payment under the Operating Facility shall reduce the Commitment.

Section 2.3 Use of Proceeds.

The OPA shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 423/04 made under the *Electricity Act, 1998.*

Section 2.4 Mandatory Repayment.

Subject to Sections 2.9 and 5.1, the OPA shall repay each Advance on the applicable Repayment Date and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on December 31, 2006.

Section 2.5 Prepayments.

The OPA is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.7 Payments under this Agreement.

(1) The OPA shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the OPA from time to time, or in such other manner as the OFA may specify to the OPA from time to time. The OPA shall make each such payment in Canadian Dollars.

(2) The OFA shall make Advances to the OPA under this Agreement to or to the order of the OPA by wire transfer of immediately available funds in accordance with wire transfer instructions given by the OPA to the OFA from time to time, or in such other manner as the OPA may specify to the OFA from time to time.

Section 2.8 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.9 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the OPA shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.9(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

ARTICLE 3

ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the OPA under the Operating Facility from time to time on any Business Day prior to November 30, 2006.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(3), each Advance shall be made on one Business Day's prior notice given not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each notice of an Advance (a **"Borrowing Notice"**) shall be substantially in the form of Schedule 1, shall be irrevocable and binding on the OPA and shall specify (a) the requested date of the Advance, and (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall be not later than 1 month, 2 months or 3 months after the requested date of the Advance. The OFA will make the principal amount of each Advance available to the OPA in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the OPA shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3. The OPA authorizes the OFA to record on the grid promissory note (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the Repayment Date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal amount of the grid promissory note. Such notations, in the absence of manifest error, shall be prima facie evidence of the such advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the OPA to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The OPA may elect to continue all or a portion of the principal amount of any Advance for a further period of 1 month, 2 months or 3 months beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each election to continue an Advance for a further period shall be made one Business Day's prior notice given, in each case, not later than 10:00 a.m. (Toronto time) by the OPA to the OFA. Each such notice (an **"Election Notice"**) shall be given substantially in the form of Schedule 2 and shall be irrevocable and binding upon the OPA. If the OPA fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

Section 3.4 Interest on Advances.

(1) The OPA shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the OPA elects to continue an Advance in accordance with Section 3.3(2), the Province shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the OPA promissory note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the OPA contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the OPA; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the OPA is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the OPA confirming that the borrowing is within the legal powers of the OPA and that the Agreement is a direct, unsecured obligation of the OPA enforceable against the OPA in form satisfactory to the OFA.

ARTICLE 4

COVENANTS OF THE OPA

Section 4.1 Payment of Advances.

The OPA will duly and punctually pay or cause to be paid all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 OPA will Maintain its Corporate Existence.

The OPA will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The OPA will cause all property owned by the OPA to be maintained and kept in good condition, repair an working order, all as in the judgment of the OPA may be necessary for the proper operation of such property, except as and to the extent that the OPA may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the OPA from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the OPA , desirable in the conduct of its business.

Section 4.4 Insurance.

The OPA will cause all property owned by the OPA which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The OPA will carry on and conduct their respective businesses in a proper, efficient and business-like manner and in accordance with good business practice.

Section 4.6 Negative Pledge.

The OPA will not create, incur or assume any Lien, charging the interest of the OPA in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future indebtedness of the OPA to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the OPA in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

The OPA will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Services (including those incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the OPA to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the OPA reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the OPA for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

ARTICLE 5

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term **"Event of Default"** means any of the following:

(a) failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on December 31, 2006;

(c) failure on the part of the OPA to observe or perform its obligations set forth in Section 4.1;

(e) failure on the part of the OPA to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the OPA by OFA;

(f) any representation or warranty made by the OPA in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(g) one or more breaches by the OPA of its covenants under one or more evidences of indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waive or rescinded);

(h) the OPA:

(i) becomes generally not able to pay its debts as they become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme *of* arrangement involving the rescheduling or composition *of* its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it a bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy / insolvency / reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismisssed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar

official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.1(h)(i) to (iii); or

(i) if there shall be rendered against the OPA a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the OPA shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may declare all amounts owing hereunder to be due and payable immediately, by a notice in writing to the OPA, and upon any such declaration all such amounts shall become immediately due and payable.

Section 5.3 Suits for Enforcement by OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the OPA under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the OPA, or if any other judicial proceedings relative to the OPA, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing und this Agreement and to file such other papers or documents as ma be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any moneys or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF OPA

Section 6.1 Representations and Warranties of OPA

The OPA represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the OPA and the execution, delivery and performance of this Agreement are within the powers and capacities of the OPA and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the OPA, laws of Ontario, including laws of Canada applicable therein, applicable to the OPA or any contractual or other obligation binding on the OPA;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the OPA enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the OPA for the purposes set out in Section 2.3.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7

GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the OPA, to it at:

Ontario Power Authority
880 Bay Street
3rd Floor
Toronto, ON M7A 2C

Attention: Chief Executive Officer
Telephone:
Telecopier:

If to OFA, to it at:

Ontario Financing Authority
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7AIY7

Attention: Executive Director -Capital Markets Division
Telephone: (416) 325-8128
Telecopier: (416) 325-8005

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p. m (Toronto time), otherwise on the next Business Day, (b) transmitted by telecopier other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the OPA and their respective successors and permitted assigns, except that the OPA shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the OFA and the OPA.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or this Agreement nor shall such waiver be binding unless executed in writing y the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude an other or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the OPA and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement.

Section 7.6 Severability.

In case any provision in this Agreement shall be in valid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the 1st day of January, 2005.

ONTARIO POWER AUTHORITY

by: _____
Name: Rosalyn Lawrence
Authorized Signing Officer

and: _____
Name: Rick Jennings
Authorized Signing Officer

ONTARIO FINANCING AUTHORITY

by: _____

Name: Gadi Mayman
Title: Chief Executive Officer

SCHEDULE 1
FORM OF BORROWING NOTICE

Via Telecopier: (416)

Ontario Financing Authority **("OFA")**
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the **"Agreement"**, the terms defined therein being used herein as therein defined) between the OPA and the OFA, and gives you notice pursuant to Section 3.2 of the Agreement that the OPA requests an Advance under the Agreement, and, in that connection, sets forth below the information relating such Advance (the **"Proposed Advance"**) as required by Section 3.2 of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The aggregate amount of the Proposed Advance is _____;
(c) The Repayment Date of the Proposed Advance is _____; [not more than 3 months after the date of the Proposed Advance]

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108.

SCHEDULE 2

FORM OF ELECTION NOTICE

Via Telecopier: (416)

Ontario Financing Authority ("**OFA**")
1 Dundas Street West
Suite 1400
Toronto, Ontario
M7A 1Y7

Attention: Cash Management

Dear Sirs:

The undersigned, Ontario Power Authority, refer to the credit agreement dated [Insert] (as amended, supplemented or restated from time to time, the "**Agreement**", the terms defined therein being used herein as therein defined) between the OPA and OFA, and gives you notice pursuant to Section 3.3 of the Agreement that the OPA elects to continue all or a portion of an Advance for an additional term and, in that connection, sets forth below the information relating to the election as required by Section 3.3(3) of the Agreement:

(a) The outstanding principal amount of such Advance to be continued is $_____;

(b) The new Repayment Date applicable to such Advance is _____; [not more than 3 months after the current Repayment Date for the Advance.

Yours truly,

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

*To be confirmed by telephone call to OFA Cash Management (416) 325-8108

SCHEDULE 3

ONTARIO POWER AUTHORITY

GRID NOTE

Principal Amount: Up to $500,000,000 Date: _____

FOR VALUE RECEIVED, ONTARIO POWER AUTHORITY (the **"OPA"**), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY ("OFA")** at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the OPA, all as recorded by the OFA on the grid (the **"Grid"**) attached to and forming part of this Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Credit Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the OPA to record on the Grid (a) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (b) the applicable rate of interest for each Advance; (c) the repayment date of each Advance; (d) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (e) the outstanding principal balance. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Note together with all interest accrued thereon shall become due and payable as specified in the Credit Agreement dated as of [Insert] between the Borrower and the OFA (the **"Credit Agreement"**). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Credit Agreement.

This Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Credit Agreement. This Note is not transferable or negotiable without the prior written consent of the OPA. The OPA hereby waives presentment for payment, demand, protest, notice of dishonour and notice of non-payment.

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

IN WITNESS WHEREOF the OPA has executed this Note.

ONTARIO POWER AUTHORITY

Per: _____
Rosalyn Lawrence
Authorized Signatory

Per: _____
Rick Jennings
Authorized Signatory

DATE	PRINCIPAL ADVANCED	RATE	REPAYMENT DATE AND PRINCIPAL REPAID	INTEREST PAYMENT DATE AND AMOUNT	UNPAID PRINCIPAL BALANCE	NOTATION MADE BY

From: William Tan
To: Lisa Stein
Cc: Sarah Harris; Jean-Francois Beaupre
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx
Date: Monday, October 23, 2017 2:02:27 PM

Hello Lisa,

I have no comments regarding "Section 7.8 Entire Agreement".

On a separate matter, I was comparing the existing $975 million credit facility Amending Agreement No. 10, against the FHP Credit Facility and noticed Section 3.3 Elections Regarding Advances (6) and (7) was not included in the Amending Agreement update.
Also, FHP Credit Facility- Section 4.6 Negative Pledge has additional language that pertains to "not permit any Material Subsidiary to, create, incur or assume any Lien…". Should we add those changes to the Amending Agreement 10?

Attached is the original

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 23, 2017 10:31 AM
To: John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi John,

In general, the purpose is to clarify that the Agreement and its Schedules take precedence over any discussions or undertakings that may have occurred between the parties prior to the execution of the agreement. In other words, the OFA may not agree to amend the agreement, for example, to change the permitted liens or remove the intercept provisions, on the basis of previous discussions or e-mails with the IESO.

The clause, which is generally boiler plate in an agreement, states as follows:

> This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreements, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Thanks,

Lisa

From: John Kim
Sent: Monday, October 23, 2017 10:23 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Lisa,

Could you remind me what the purpose of the "entire agreement" clause is?

Thanks,

John

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Lisa Stein
To: John Kim; William Tan; Sarah Harris
Cc: Sarah Neville
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx
Date: Monday, October 23, 2017 10:30:39 AM

Hi John,

In general, the purpose is to clarify that the Agreement and its Schedules take precedence over any discussions or undertakings that may have occurred between the parties prior to the execution of the agreement. In other words, the OFA may not agree to amend the agreement, for example, to change the permitted liens or remove the intercept provisions, on the basis of previous discussions or e-mails with the IESO.

The clause, which is generally boiler plate in an agreement, states as follows:

> This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreements, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

Thanks,

Lisa

From: John Kim
Sent: Monday, October 23, 2017 10:23 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Lisa,

Could you remind me what the purpose of the "entire agreement" clause is?

Thanks,

John

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

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From:	John Kim
To:	Lisa Stein; William Tan; Sarah Harris
Cc:	Sarah Neville
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Monday, October 23, 2017 10:23:15 AM

Hi Lisa,

Could you remind me what the purpose of the "entire agreement" clause is?

Thanks,

John

From: Lisa Stein
Sent: Monday, October 23, 2017 10:19 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

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****

From:	Lisa Stein
To:	William Tan; Sarah Harris
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Thursday, October 05, 2017 2:23:49 PM

Please send revised version to IESO

From: William Tan
Sent: Thursday, October 05, 2017 2:23 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi Lisa,

Sarah and I have no comments regarding the "Permitted Liens" changes.

From: Lisa Stein
Sent: Thursday, October 05, 2017 12:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Revised black-lined draft with change to "Permitted Liens" definition, as discussed.

Lisa

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From: William Tan
To: Lisa Stein; Sarah Harris
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx
Date: Thursday, October 05, 2017 2:23:26 PM

Hi Lisa,

Sarah and I have no comments regarding the "Permitted Liens" changes.

From: Lisa Stein
Sent: Thursday, October 05, 2017 12:28 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

Revised black-lined draft with change to "Permitted Liens" definition, as discussed.

Lisa

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****

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Jean-Francois Beaupre
Subject:	RE: fhp credit facility agreement execution version v3 blackline.docx
Date:	Monday, October 30, 2017 11:44:52 AM

Hi Will,

I just discussed your comments regarding the compare, below, with Sarah H. We have decided to wait on these issues until we draft an amended and restated version of the existing credit facility agreement (subject to comments from IESO). There are already negative pledge provisions in the current agreement, and therefore raising new issues at this stage may further delay this matter.

Thank you,

Lisa

From: William Tan
Sent: Monday, October 23, 2017 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hello Lisa,

I have no comments regarding "Section 7.8 Entire Agreement".

On a separate matter, I was comparing the existing $975 million credit facility Amending Agreement No. 10, against the FHP Credit Facility and noticed Section 3.3 Elections Regarding Advances (6) and (7) was not included in the Amending Agreement update.
Also, FHP Credit Facility- Section 4.6 Negative Pledge has additional language that pertains to "not permit any Material Subsidiary to, create, incur or assume any Lien…". Should we add those changes to the Amending Agreement 10?

Attached is the original

Thanks,

Will

From: Lisa Stein
Sent: Monday, October 23, 2017 10:31 AM
To: John Kim ; William Tan ; Sarah Harris
Cc: Sarah Neville
Subject: RE: fhp credit facility agreement execution version v3 blackline.docx

Hi John,

In general, the purpose is to clarify that the Agreement and its Schedules take precedence over any discussions or undertakings that may have occurred between the parties prior to the execution of the agreement. In other words, the OFA may not agree to amend the agreement, for example, to change the permitted liens or remove the intercept provisions, on the basis of previous discussions or e-mails with the IESO.

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Thanks,

Lisa

From: John Kim
Sent: Monday, October 23, 2017 10:23 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: fhp credit facility agreement execution version v3 blackline.docx

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From:	Salman Qadir
To:	Lisa Stein; Sarah Harris; Sarah McGowan
Cc:	Michael Smith; Bonnie Zhang; Greg Moore; Bruno Amara
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 10:25:40 AM

Hi Lisa,

No - the OIC for FHP is for FHP purposes. We will have a credit agreement that will use up 100% of the OIC amount.

Also, I think that the OICs referenced in the annual lending directive is the same one OIC being amended over time.

Regards,
Salman

From: Lisa Stein
Sent: Thursday, June 29, 2017 10:14 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

As that new 2017 OIC was intended to be specific to the FHP but not specifically reference it, I'm not sure that it needs to be referenced in the annual lending directive, which references specific loans to public bodies (and does not include the FHP loan), or in the OLG directive. Does anyone else have thoughts on this? Is there a possibility that the funds referenced in the 2017 OIC may in future be drawn down for one of these other loans?

The current paragraph of the annual lending directive pertaining to OICs provides as follows:

Pursuant to Orders in Council 675/97, 767/99, 1883/2006, 2144/2007, 300/2010, 163/2012, 1051/2012 and 354/2014, all as amended, made under subsection 22(1) of the *Capital Investment Plan Act, 1993,* the Minister of Finance is authorized to make loans to the OFA and to determine the amount of the spread to be retained by the OFA where those funds are subsequently loaned to public bodies. It is hereby determined that for each Loan made under the authority of this Directive, the amount of the spread retained by the OFA is equal to the sum of the Cost Recovery Fee and the Commercial Spread, if any, for the Loan as set out above.

Thank you,

Lisa

From: Sarah Harris
Sent: Thursday, June 29, 2017 9:51 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,

354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).

Thanks,
Sarah

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

From: Lisa Stein
Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Has anyone been able to confirm that there are no additional borrowing OICs since 2014? I've also copied Linda Smith in case she is aware.

Thank you,

Lisa

From: Lisa Stein
Sent: Tuesday, June 27, 2017 10:42 AM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>
Subject: FW: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

Further to my earlier e-mail below, can someone please confirm that there are no additional borrowing OICs to be referenced in the last paragraph of the directive? The last one referenced is 354/2014. I've copied Joan in case she is aware of any new ones.

Thank you,

Lisa

From: Lisa Stein
Sent: Monday, June 26, 2017 4:04 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Michael and Mara,

Please see my comments and suggested amendments on the attached. Please note that I've included some questions for consideration. Please let me know if you would like to set up a meeting or call to discuss further.

I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

Thank you,

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From:	Sarah Harris
To:	Michael Smith; Lisa Stein; Mara Bakic
Cc:	Bonnie Zhang; Joan Dougherty; Linda Smith; Greg Moore; Salman Qadir; Sarah McGowan
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 9:50:35 AM

Hi Lisa,

354/2014 was the last OIC, however, with this last Tuesday's LRC, a new $2B OIC for the OFA-IESO FHP Credit Facility was to have been approved. I am copying Salman, as he is managing that process and he would be able to provide the update on the OIC's approval status (and the relevant # to identify the OIC).

Thanks,
Sarah

From: Michael Smith
Sent: Wednesday, June 28, 2017 4:19 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

I believe Sarah Harris manages the borrowing OICs. Any done since 2014, Sarah?

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Sent: Wednesday, June 28, 2017 3:12 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Joan Dougherty <Joan.Dougherty@ofina.on.ca>; Linda Smith <Linda.Smith@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi all,

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Thank you,

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Sent: Monday, June 26, 2017 4:04 PM
To: Michael Smith <Michael.Smith@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>
Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
Subject: minister's directive annual lending directive 201718 V1-rev1.doc

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I also note that I'm working on an OLG loan with Sarah McGowan; however, I'm not sure if this is the same loan as noted in the Borrowing and On-Lending Plan (and hence my comment on the attached).

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From:	Lisa Stein
To:	Salman Qadir; Sarah Harris; Sarah McGowan
Cc:	Michael Smith; Bonnie Zhang; Greg Moore; Bruno Amara; Sarah Neville
Subject:	RE: minister"s directive annual lending directive 201718 V1-rev1.doc
Date:	Thursday, June 29, 2017 11:01:40 AM

Thank you for clarifying.

Lisa

From: Salman Qadir
Sent: Thursday, June 29, 2017 10:26 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah McGowan <Sarah.McGowan@ofina.on.ca>
Cc: Michael Smith <Michael.Smith@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Greg Moore <Greg.Moore@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: minister's directive annual lending directive 201718 V1-rev1.doc

Hi Lisa,

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Cc: Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>
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From:	John Kim
To:	Malle Hanslep (MOF)
Cc:	Lisa Stein; Sarah Harris; Tobias P. Whitfield (MOF); Kenneth Russell; Bruno Amara; Shajee Kathirgamanathan
Subject:	Re: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
Date:	Friday, August 18, 2017 12:08:31 PM

Hi Malle,

That is my understanding, yes.

John

On Aug 18, 2017, at 12:04 PM, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca> wrote:

> Hi John,
> Given that the Minister of Finance is away, is this going to be sent to the President of Treasury Board as alternate Minsiter?
> Malle
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** August 18, 2017 10:28 AM
> **To:** Stein, Lisa (OFA); Hanslep, Malle (MOF)
> **Cc:** Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA)
> **Subject:** RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
> Ok, great. Thanks Lisa, Malle.
>
> **From:** Lisa Stein
> **Sent:** Friday, August 18, 2017 9:59 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
> **Subject:** RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx
> Hi John,
> I will update the directive to include both credit facilities, as per your instructions. I also have some suggested amendments to the briefing note, which I send via separate email.
> Thank you,
> Lisa
>
> **From:** John Kim
> **Sent:** Thursday, August 17, 2017 7:52 PM
> **To:** Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF)

<Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi Malle, Lisa,

Pls. see attached. I haven't yet run this draft by Ron but spoke to him about the direction this afternoon.

Happy to organize a call first thing tomorrow. We are hoping to get it signed by Ron and Gadi tomorrow before Gadi leaves on his vacation.

I left out the second part of Malle's comment (the whereas one) as I wasn't sure how to do that.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: August-17-17 2:02 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi,

I think in the 3rd paragraph it should say the Minister of Finance is entitled to deduct rather than the OFA. If in fact there are some transfer payments to the IESO for the programs mentioned (although there shouldn't be a deduction because they are for the benefit of some others) maybe the whereas in the directive should be modified a bit.

\Malle

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: August 17, 2017 1:55 PM
To: Kim, John (OFA)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA)
Subject: 01 - IESO-OFA - FHP LoC - Intercept Directive v5_Markup2Clean OFA Legal.docx

Hi John,

Please see my attached preliminary edits and comments. I've also included Sarah Harris on this e-mail to keep her in the loop.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****

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****

From: Kenneth Russell
To: Lisa Stein
Subject: Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 11:27:19 AM

Lisa

Sure

What is the latest time that is good for you?

Ken

Sent from my iPhone

On Jun 12, 2017, at 11:07 AM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi Ken,
>
> Can we arrange a call for 3 pm or later this aft?
>
> Thank you,
>
> Lisa
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Friday, June 09, 2017 5:37 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
>
> Lisa
>
> Monday will be fine for me.
>
> Ken
>
> Sent from my iPhone
>
> On Jun 9, 2017, at 4:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:
>
> > FYI – for further discussion next week (Monday?)
> >
> > ---
> >
> > **From:** Salman Qadir
> > **Sent:** Friday, June 09, 2017 4:37 PM
> > **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

Sarah's group is working on the agreement and the terms of the agreement, at a high level, are what were included in IESO's request letter, which the OFA appears to have agreed to.

I think the directive covers the key terms of the request which were in the request letter from IESO and anything further will be subject to any negotiation between OFA and IESO. If a specific term is in the directive language is causing an issue, we could leave it out?

It may look like a lot of track changes, but most of them are just moving things around.

I just don't want the directive to be similar to the term sheet since the term sheet may change if need be and the directive still needs flexibility for any negotiation that may need to occur.

Happy to share it with MOF legal as is as well.

Regards,
Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

In my view it would be prudent to develop a term sheet prior to finalizing the draft directive as it is currently missing details. Is this a possibility? Once I receive a term sheet I will create a new draft of the directive.

Thank you,

Lisa

From: Salman Qadir
Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Lisa,

I've made some changes to the directive, some based on our discussion and some based on an example of another directive I found for a line of credit (see pdf attached, albeit between OEFC and IESO). You'll see that there are still some questions to confirm, so we can leave those comments in.

If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

Accordingly, I can drop by any time today to discuss further.

Thank you again,
Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

Further to our discussion this afternoon, please find attached a revised draft reflecting my comments and follow-up items. Once you have had a chance to consider, please set up another meeting or send me a further

draft.

Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
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416-325-2320

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****

From: Kenneth Russell
To: Lisa Stein
Subject: Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Friday, June 09, 2017 5:37:22 PM

Lisa

Monday will be fine for me.

Ken

Sent from my iPhone

On Jun 9, 2017, at 4:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> FYI – for further discussion next week (Monday?)
>
> ---
>
> **From:** Salman Qadir
> **Sent:** Friday, June 09, 2017 4:37 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Subject:** RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
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>
> Happy to share it with MOF legal as is as well.
>
> Regards,
> Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

Hi Salman,

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Thank you,

Lisa

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Sent: Friday, June 09, 2017 12:01 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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If you can take a look at the drafting and if you're okay with it (feel free to make additional changes), I will clean it up and circulate to CMD/senior management for another review and to gauge some feedback on the remaining questions.

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Thank you again,
Salman

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Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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Thank you,

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From: Kenneth Russell
To: Lisa Stein
Subject: Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
Date: Monday, June 12, 2017 12:13:16 PM

Lisa

4:30 is good.

Ken

Sent from my iPhone

On Jun 12, 2017, at 11:34 AM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm flexible. Would 4 or even 4:30 be better? I'd like to have some time after the call to follow up with everyone.
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, June 12, 2017 11:27 AM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx
>
> Lisa
>
> Sure
>
> What is the latest time that is good for you?
>
> Ken
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> Sent from my iPhone
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> > **Sent:** Friday, June 09, 2017 5:37 PM

To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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Regards,
Salman

From: Lisa Stein
Sent: Friday, June 09, 2017 4:21 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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Thank you,

Lisa

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To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
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Thank you again,
Salman

From: Lisa Stein
Sent: Thursday, June 08, 2017 4:52 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: 4 - IESO-OFA - FHP Line of Credit Facility_MinDirective - Directive_DRAFT v2.docx

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Just to confirm, I understand that documentation will be sending me a draft version of the amending agreement and the new agreement for review. Sarah – Please let me know if you would like to discuss.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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this message, including any attachments, without reading it or making a copy.
Thank you.
****

From: Jean-Francois Beaupre
To: Lisa Stein
Subject: Re: FHP Credit Facility Agreement
Date: Monday, July 31, 2017 3:47:23 PM

Will do Lisa! Just confirming you're at 416-928-7625?

Thanks,
JF

On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm just on another call. Can you call me around 4 on my cell?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Monday, July 31, 2017 3:45 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: FHP Credit Facility Agreement
>
> Hi Lisa,
>
> I can give you a call now from my cell if that works for you?
>
> Thanks,
> JF
>
> On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:
>
> > Are you available for a brief call to discuss later this afternoon or tomorrow morning?
> >
> > ---
> >
> > **From:** Jean-Francois Beaupre
> > **Sent:** Friday, July 28, 2017 2:55 PM
> > **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> > **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> > **Subject:** RE: FHP Credit Facility Agreement
> >
> > Hi Lisa,
> >
> > Thanks for your email. Would it be possible to raise this item with Victor when you speak with him? We do not have the exact definitions of RRRP and RPP as they relate to the FHP and it is our position that IESO may be in a better position to define these. Opal and I discussed this yesterday and felt that the references to RRRP and RPP should be included in the form of notices seeing how we already account for these separately for

interest tracking purposes under the existing $975M agreement.

Many thanks,
JF

From: Lisa Stein
Sent: Friday, July 28, 2017 2:49 PM
To: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi JF,

I'm in the process of working on the latest draft and I'm waiting to speak to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me?

Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.

Thanks,

Lisa

From: Jean-Francois Beaupre
Sent: Thursday, July 27, 2017 5:04 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Lisa,

One additional important comment we have is that we believe we should consider incorporating language to distinguish between the "Rural or Remote Electricity Rate Protection (RRRP) variance" and the "Regulated Price Plan (RPP) variance" since we noted that on the last two Election Notices provided to the OFA on July 19, 2017, IESO made this distinction. Furthermore, the advances related to RRRP and RPP are tracked separately in the OFA's loan system (OLMS), so the new Revolving Credit Facility Agreement should probably include such definitions and

placeholders in the form of borrowing and election notices and possibly also the grid note itself.

Happy to discuss further.

Many thanks,
Jean-Francois

From: William Tan
Sent: Thursday, July 27, 2017 2:57 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Dear Lisa,

Please find attached our comments on the revised draft of the IESO Revolving Credit Facility Agreement for your review. Please let us know if you think it would be helpful to arrange another call with Victor to discuss any of the points he raised in his email."

Thanks,

Will

From: William Tan
Sent: Wednesday, July 26, 2017 3:51 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: FHP Credit Facility Agreement

Hello Lisa,

I am concurrently reviewing the draft FHP Credit Facility from IESO. I won't be able to provide my comments until tomorrow as I will be discussing the comments within Documentation first before I provide it to you.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, July 26, 2017 1:02 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: FHP Credit Facility Agreement

Hi Will. Attached you will find IESO's mark-up of the FHP Credit Facility Agreement. Most of the changes are self-explanatory, but it may be helpful if I provide a few words of explanation about the more substantive changes:

1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

3. We amended the exceptions to the *pari passu* requirement under Section 3.3(5) to avoid a conflict with the different list of exceptions in s.4.6, the negative pledge. An alternative, and arguably cleaner, way of avoiding the conflict between s.3.3(5) and s.4.6 would be to delete the *pari passu* requirement in s.3.3(5) altogether, since the negative pledge in s.4.6 already contains more tailored language that performs essentially the same function.

In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be

continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 25, 2017 12:23 PM
To: Victor Buza
Cc: Anthony Martinello
Subject: FHP Credit Facility Agreement

Hello Victor,

I'm checking-in on the status of the FHP Credit Facility Agreement. I understand there was a couple matters you needed to clear up with management before sending us your comments.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Jean-Francois Beaupre
To: Lisa Stein
Subject: Re: FHP Credit Facility Agreement
Date: Monday, July 31, 2017 3:44:35 PM

Hi Lisa,

I can give you a call now from my cell if that works for you?

Thanks,
JF

On Jul 31, 2017, at 3:40 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Are you available for a brief call to discuss later this afternoon or tomorrow morning?
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Friday, July 28, 2017 2:55 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Subject:** RE: FHP Credit Facility Agreement
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> Hi Lisa,
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> I'm in the process of working on the latest draft and I'm waiting to speak to Victor Buza regarding a couple of drafting matters. In the meantime, do you want to send me the

new definitions or should I send you the latest black-line (still in progress) and you can incorporate and send back to me?

Also, it is no longer necessary to copy Sarah N. on these e-mails. I will keep her in the loop as necessary.

Thanks,

Lisa

From: Jean-Francois Beaupre
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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
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Happy to discuss further.

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Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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Sent: Wednesday, July 26, 2017 1:02 PM
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Cc: Anthony Martinello <Anthony.Martinello@ieso.ca>
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1. We added paragraph (k) to the definition of "Permitted Liens" to address the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien, and we did not want to be inadvertently in default. (Please note that, assuming this addition to the definition of "Permitted Liens" is acceptable, the same or similar language should also be added to the definition of Permitted Liens in Amending Agreement #10 to the existing OFA line of credit that we discussed yesterday.)

2. We amended Section 2.2 Use of Proceeds as shown in the draft because: (i) there is

a possibility that the funding provided under the FHP Credit Agreement may accumulate and be outstanding for an extended period of time (i.e. in excess of 12 months); and (ii) the use of the terminology "cash flow timing differences" does not seem appropriate given its implication of a shorter-term funding requirement (something on the order of month-to-month), taking into account all of the obligations of IESO under the FHP.

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In addition to the above changes marked-up directly on the document, in general with respect to all revolving lines, it seems that the definition of "Advances" should probably also include Continued Advances where an Election Notice is used (though I didn't make any changes to reflect this). I say this because Advances can become Continued Advances through an initial Election Notice, and then those Continued Advances can be continued again as further Continued Advances, and so on. In other words, the practice and intent of IESO and OFA has been and continues to be that an original Advance can be Continued (rolled-over) many times but, unless I am missing something, the language and definitions do not quite capture that intent. It might be easier if I were to discuss what is essentially a drafting point with your Legal Counsel assigned to this – as I say, it's entirely possible that I am simply missing something here.

I didn't know who would be reviewing this from your Legal group, so did not copy anyone else at OFA – I will rely on you to forward it as required.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Sarah Neville
To: Lisa Stein
Subject: Re: FHP Credit Facility Agreement
Date: Friday, July 28, 2017 2:30:46 PM

Thanks! And nope. You can bring me in if, as and when you would like me to weigh in on something. Thanks!

Sarah

Sent from my iPhone

On Jul 28, 2017, at 2:29 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi Sarah,
>
> FYI – I've removed you from the e-mail chain for this file. Please let me know if you would prefer to be kept in the loop.
>
> Thanks,
>
> Lisa
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, July 28, 2017 2:28 PM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
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> Hi William,
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From: Jean-Francois Beaupre
To: Lisa Stein
Subject: Re: FHP Credit Facility Agreement
Date: Monday, July 31, 2017 4:01:26 PM

Sure Lisa, you can reach me at 647-292-5227.

Thanks,
JF

On Jul 31, 2017, at 3:59 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> I'm still on a call. I'll e-mail you (or call you?) once available
>
> ---
>
> **From:** Jean-Francois Beaupre
> **Sent:** Monday, July 31, 2017 3:47 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** Re: FHP Credit Facility Agreement
>
> Will do Lisa! Just confirming you're at 416-928-7625?
>
> Thanks,
> JF
>
> On Jul 31, 2017, at 3:45 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:
>
> > I'm just on another call. Can you call me around 4 on my cell?
> >
> > ---
> >
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From: Kenneth Russell
To: Lisa Stein
Subject: Re: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Date: Tuesday, June 20, 2017 10:07:43 PM
Attachments: image001.png

Lisa

The draft language does appear to be a reasonable description of the interest rate setting process described by William Tan.

Ken

Sent from my iPhone

On Jun 20, 2017, at 3:43 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi Ken,
>
> Based on William's response to my question (it is not interpolation), I think the answer to his question is "yes". Do you have any further views?
>
> Thank you,
>
> Lisa
>
> ---
>
> **From:** William Tan
> **Sent:** Tuesday, June 20, 2017 12:09 PM
> **To:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
> **Subject:** RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
>
> Hello Lisa,
>
> Regarding:
>
> "The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility".
>
> I discussed the wording in Section 3.4 (2) with Carlos. Currently there is a system limitation that only allows Trading to select a 1 month and a 3 month cost of funds and as an operational decision not to use linear interpolation. In light of these operational limitations Carlos is of the view that the current wording in Section 3.4 (2) below is satisfactory.

Let me know if you have any additional concerns.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 20, 2017 10:31 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

I don't believe you've addressed my question. I've sent you a new version with green highlighting which focuses on the term. Please speak to Carlos as discussed.

From: William Tan
Sent: Tuesday, June 20, 2017 10:17 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

I've reviewed 5 agreements and they all seem to generally to be worded similarly or a variation of the same meaning. Let me know if you require more information.

"All such costs, charges and expenses shall bear interest at the Province's cost of funds (plus any applicable spread as determined by the Ontario Financing Authority)"

From: Lisa Stein
Sent: Monday, June 19, 2017 2:45 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)
Importance: High

Hi William,

Can you please confirm the exact process for determining the rate? Is it interpolation? Do you have precedent agreements with such language? Or perhaps MOF Legal might have some precedents.

Thank you,

Lisa

From: William Tan
Sent: Friday, June 16, 2017 7:13 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the OFHP IESO OFA Credit Facility Agreement, agreement comparison and the original agreement.

Question:
Section 3.4 Interest on Advances.
To date all advances/rollovers under IESO OFA Credit Facility $975 million (28-95 days) have been approximately 30 days and there has been no circumstances where the term has exceeded 30days and the 1 month cost of funds for borrowing with a similar term has always applied.

Right now for the new OFHP IESO OFA Credit Facility advances will range from 7 – 95 days and either the 1 month or the 3 month cost of funds for borrowing will apply.

The question therefore is, is the language in Section 3.4 an accurate representation (provides enough flexibility for the trader)if a trader was to apply the 3 month cost of funds for borrowing a borrowing request at 45 days for example. If not, please provide suggestive language for flexibility.

<image001.png>

Thanks,

Will

From: William Tan
Sent: Wednesday, June 14, 2017 10:27 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

Please find the compared version attached.

Thanks,

Will

From: Lisa Stein
Sent: Wednesday, June 14, 2017 10:05 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

Can you also please create a compare with the agreement that you based this on so that I can see the changes?

Thanks,

Lisa

From: William Tan
Sent: Wednesday, June 14, 2017 9:56 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Good morning Lisa,

I have revised the recitals. I hope this is more in line with what you are looking for.

Thanks,

Will

From: Lisa Stein
Sent: Tuesday, June 13, 2017 2:51 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi William,

I started looking at this agreement and realized that you have copied the terms of the Directive into the recital – they do not belong there. Can you please delete these and provide me with a blacklined compare version from the original agreement for ease of reference?

Thank you,

Lisa

From: William Tan
Sent: Monday, June 12, 2017 3:46 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hi Lisa,

We used the existing OFA-OPA Credit Agreement for $975 million (to be reduced to $475 million) and its amendments.

From: Lisa Stein
Sent: Monday, June 12, 2017 3:43 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: RE: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Thanks Will What precedent did you use?

From: William Tan
Sent: Monday, June 12, 2017 3:37 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FHP IESO OFA Short Term Credit Facility Agreement (Draft)

Hello Lisa,

Please find the attached draft FHP IESO OFA Credit Agreement. Please review and provide your comments. I am having an issue with the footnote numbering (I am looking into this).

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority

1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the OFA's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after default and shall be payable on the Repayment Date for such Advance. Any amount of interest

From: Sarah Neville
To: John Kim
Cc: Anna Strathy; Sarah Harris; Lisa Stein
Subject: Re: FHP credit facility agreement - intercept
Date: Wednesday, September 20, 2017 7:59:26 PM

OK - I will make myself available. Might be helpful to have everyone who needs to be engaged on the same call so that we can get a decision and answer any questions.

Sarah

Sent from my iPhone

On Sep 20, 2017, at 4:57 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Ok, thanks Sarah. I asked Tom for his availability tomorrow suggesting that I'd organize a call with our legal staff.
>
> ---
>
> **From:** Sarah Neville
> **Sent:** Wednesday, September 20, 2017 4:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: FHP credit facility agreement - intercept
>
> Great John, thanks.
>
> I think we can convey in any meetings that the agreements can move quickly as long as everyone agrees to add the intercept provision.
>
> Sarah
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, September 20, 2017 4:42 PM
> **To:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: FHP credit facility agreement - intercept
>
> Hi Sarah,
>
> I agree that we should aim for a policy level call tomorrow.

In my call with IESO staff, they expressed that they understood the rationale behind the approach, along the lines of no substantive issue as there is no appropriation here. At least the IESO staff fully understood that point. They do want this facility in place asap so it would not surprise me if they expressed frustration around the proposed approach and the delay.

As mentioned in my earlier email, this will be brought up potentially at tomorrow's meeting.

Thanks,

John

From: Sarah Neville
Sent: Wednesday, September 20, 2017 4:36 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: FHP credit facility agreement - intercept

Hi John –

Toby from MOF Legal just called Lisa. Tom McKinley, counsel from MOE reached out to him in response to your memo to find out what the rationale was for the memo, apparently IESO reached out to Energy and expressed concern about what was going on.

I think it may be prudent to arrange for a policy level call tomorrow to provide reassurance that there is no substantive issue here, but in the absence of a directive we require inclusion of the intercept provisions. Notwithstanding that there are currently no appropriations. Once this is done the loan agreement can be finalized without further delay.

I've copied Anna given your earlier heads up to her. Please let me know how you would like to proceed.

Sarah

From: Lisa Stein
Sent: Wednesday, September 20, 2017 4:23 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FHP credit facility agreement - intercept

Hi Sarah and John,

Please note that I will be away until Monday. I've provided Sarah Neville with a draft version of the agreement containing intercept provisions. In the even that this matter moves forward in the next couple of days, please contact Sarah.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
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****

From: Bruno Amara
To: Lisa Stein
Cc: Sarah Harris; William Tan; Tobias P. Whitfield (MOF)
Subject: Re: FHP credit facility agreement draft Aug 4 OFA Legal.docx
Date: Friday, August 11, 2017 5:16:53 PM

Thanks Lisa. We'll look to start drafting next week. I will probably send a couple of questions on Monday to all to clarify some things.

Bruno

Sent from my iPhone

On Aug 11, 2017, at 4:51 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Hi all,
>
> Further to our call this afternoon, please see attached the revised draft of the credit facility agreement. Please note that I have not made further changes to the Borrowing Notice and Election Notice as I understand that documentation will be reviewing/updating the notices. Please let me know if you have any questions or would like to set up a further meeting to discuss.
>
> Have a great weekend!
>
> Lisa
>
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
>
> **********
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> **********
>
> <FHP credit facility agreement draft Aug 4 OFA Legal.docx>

From: Victor Buza
To: Lisa Stein; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: Re: Final Docs for FHP Credit Agreement and AA#10
Date: Tuesday, October 10, 2017 2:06:51 PM

Hi Lisa - hopefully we'll be in a position to provide an update on that tomorrow afternoon sometime.
Victor

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lisa Stein
Sent: Tuesday, October 10, 2017 12:09 PM
To: Victor Buza; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised

Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
2. Page 20. Delivered Via Email: CASHP@ofina.on.ca
3. Page 22. Delivered Via Email: CASHP@ofina.on.ca

OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

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immediately and delete this email message.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement
- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From: Victor Buza
To: Lisa Stein
Cc: Sarah Harris; William Tan; Anthony Martinello; John Kim
Subject: Re: Final Docs for FHP Credit Agreement and AA#10
Date: Thursday, October 26, 2017 8:05:31 PM

Thanks Lisa - I'd be happy to look at whatever you have by tomorrow mid-afternoon even if not entirely complete in order to keep things moving forward.

Per my email exchange with John earlier this week, we were targeting signing both agreements and the Intercept Letter by no later than middle of next week - please let us know if there is a view that target is at risk or is not achievable for any reason.

Victor

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lisa Stein
Sent: Thursday, October 26, 2017 6:25 PM
To: Victor Buza
Cc: Sarah Harris; William Tan; Anthony Martinello
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We are still finalizing AA#10. We will send it to you either tomorrow or early next week.

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, October 26, 2017 5:45 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Lisa – just wanted to check whether the latest version of AA#10 was ever sent across for our review or whether you were still waiting on finalization of the FHP Credit Agreement ? I can't seem to find anything in my system.
I would like to review the additions to the Permitted Liens language in AA#10 asap even if the addition of the Intercept language is not final.
Thanks,
Victor

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]

Sent: October 10, 2017 12:10 PM
To: Victor Buza; William Tan; Anthony Martinello
Cc: Sarah Harris
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Victor,

We will send out a revised version of Amending Agreement #10, which has already been updated to include the Permitted Liens language, once we finalize the Credit Facility Agreement. Do you have any update on that agreement?

Thank you,

Lisa

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 10, 2017 9:03 AM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Thanks Will. I'm assuming you will also be separately providing a revised Amending Agreement #10 with the relevant changes ?
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 06, 2017 11:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes revised Permitted Liens (K) language. Obviously the letter agreement needs to be executed first.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Wednesday, October 04, 2017 3:53 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. The following is the revised paragraph that we ask be substituted for that already in the definition of "Permitted Liens" in the FHP facility, and be added to the definition of Permitted Liens in Amending Agreement #10 for the existing facility –

" any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP; "

Regarding the addition to AA#10, this would also require the addition of the definitions for "OFHP" and "Clean Energy Adjustment" to that amendment.

Let me know if you have any questions.
Regards,
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: October 04, 2017 10:06 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein; John Kim
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Good morning Victor,

That's correct, I intentionally did not include a copy of the Amending Agreement No. 10 v2, because no changes to be made to it and the current version is still valid.

Yes, please review the Intercept Provision language in the FHP Credit Facility after discussions have concluded with OPG. John Kim is currently reviewing Intercept Provision matter with regards to the Existing Credit Facility.

We look forward to the Permitted Liens changes tomorrow.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, October 03, 2017 4:12 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hi Will. Thanks for these drafts. I note that clean Word and pdf versions of v.3 of the FHP Credit Agreement were attached, but there was no attachment re Amending Agreement #10 to the existing facility (not sure if that was intended).

We cannot yet provide detailed comments on the Intercept Letter itself or on the language related to the Intercept Letter now included in v.3 of the FHP Credit Facility. We will provide those comments after we have been able to confirm whether any concerns arise out of the discussions with OPG. However, at a high level, I note that the current draft of the Intercept Letter states that the existing facility (i.e. the one to be reduced to $475MM) will also be subject to the Intercept mechanism. Based on our prior discussions, we thought this existing facility was being "grandfathered" and so would not be subject to the OFA policy that requires inclusion of the Intercept mechanism/language. Can you please clarify OFA's intended approach on this ?

Also, just wanted to let you know that based on our most recent reviews of the draft documents/transactions (including with external counsel), I will shortly – likely tomorrow morning – send some revisions to paragraph (k) of the Permitted Liens definition, which I do not expect to be controversial. Concerning this language, we would ask that you also add the revised paragraph to the definition of "Permitted Liens" contained in the existing facility by way of Amending Agreement #10.

Feel free to call if you have any questions.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 29, 2017 5:01 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: FW: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

Please find the attached version of the FHP Credit Facility Agreement which includes Intercept Provision language. Obviously the letter agreement needs to be executed first.

The latest versions are:
OFA IESO Amending Agreement No. 10 – Execution Version v2.
FHP Credit Facility Agreement – Execution Version v3.

Thanks,

Will

From: William Tan
Sent: Friday, September 15, 2017 1:42 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Final Docs for FHP Credit Agreement and AA#10

Hello Anthony and Victor,

We have made the following minor changes to the execution copies below. For operational purposes the facsimile number would also apply to the Amending Agreement No. 10. For practical purposes we will update the facsimile change into the next updated and restated agreement.

FHP credit facility agreement
1.Page 18. Facsimile: (416)860-8346
2. Page 20. Delivered Via Email: CASHP@ofina.on.ca
3. Page 22. Delivered Via Email: CASHP@ofina.on.ca

OFA IESO Amending Agreement No. 10
Page 6. Delivered Via Email: CASHP@ofina.on.ca
Page 8. Delivered Via Email: CASHP@ofina.on.ca

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Tuesday, September 12, 2017 3:59 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: Final Docs for FHP Credit Agreement and AA#10

Hi All – I attach what I am hoping are the closing documents for: (i) the new FHP Revolving Credit Agreement, and (ii) Amending Agreement #10 to the 2005 credit agreement. The following comments are relevant to the attachments:

1. I took the credit agreements you sent for both FHP and Amending Agreement #10 yesterday, accepted all the tracked changes, deleted the comments, made some minor spacing changes and put a blank following "September" as appropriate so that the final signing date can be filled in by hand. Note – regarding AA#10, I also deleted the document ID that showed at the bottom of some of the pages (which ID I assumed was some form of law firm tracking number).
2. I created two standalone Promissory Notes by extracting the Schedules from the FHP and AA#10 respectively – the only change I made (apart from deleting the "Form of…" language at the top of the document) was to change the spacing slightly to fit on one page.
3. I also prepared final versions of the certified IESO board resolution and the incumbency certificate, again inserting a blank following September. Please note that the resolution is changed slightly from the one you reviewed in the sense that I inserted notes (instead of ellipsis) to show where redactions were made of information not related to the OFA financings. For convenience, I also removed the reference to the date of the FHP Credit Agreement.
4. I created pdfs of all documents and also include MS Word versions of the Agreements and Grid Notes for ease of comparison.

Please let me know if these documents appear in order.
Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: September 11, 2017 3:25 PM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Lisa Stein
Subject: FW: Touch Base

Hello Anthony and Victor,

We have accepted your suggested changes and made a couple minor changes of our own.

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, September 08, 2017 3:32 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Subject: RE: Touch Base

Hi Sarah. I have attached what I believe should be the final version of the FHP Credit Facility Agreement (subject to OFA's acceptance and minor adjustments).

The nature of the corrections are mostly evident on their face, though in a couple of cases I inserted a brief note to explain the correction. Changes to the Schedules were to align with the approach in AA#10.

Feel free to call me if you have any questions. I'll be in the office today until shortly after 5:00. I will follow-up with minor fixes to the Amending Agreement No.10 document shortly.

Regards,
Victor
416-969-6079

From: Sarah Harris [mailto:Sarah.Harris@ofina.on.ca]
Sent: September 08, 2017 12:45 PM
To: Anthony Martinello; Victor Buza
Cc: William Tan; Lisa Stein
Subject: Touch Base

Hi Anthony and Victor,

Will is sick today, so I wanted touch base with you on the agreements and the directive.

Firstly, the directive as at this point has not been signed. I am following up regularly to get information about the status of execution in our Minister's office and will let you know as soon as I hear anything.

In the meantime, I thought it would be helpful if we could get the agreements in an execution format so that we can promptly execute both agreements once the directive is signed. To that end, could you please confirm if you have any further comments on either of the drafts? Once you are signed off, we request that you please send clean electronic execution versions (insertion of execution date notwithstanding) that we can do a final review. When the directive is signed:

- we would then ask if you could please insert the execution date, where appropriate, on each agreement

- print out two originals of each agreement and partially execute the agreements
- send us the two originals of each agreement, along with your evidence of signing authority.
- upon receipt, we will fully execute all originals, and send you one fully executed original of each agreement (and will send you scanned executed versions immediately)

Please let me know if you have any concerns regarding any of the above.

Thanks,

Sarah

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From: William Tan
To: Lisa Stein
Cc: Sarah Harris
Subject: Re: IESO $2B and $475M Credit Facilities
Date: Friday, May 18, 2018 11:08:27 AM

Sorry, please disregard this email. I didn't see Sarah's other email updating you in this.

Sent from my iPhone

> On May 18, 2018, at 11:02 AM, William Tan <William.Tan@ofina.on.ca> wrote:
>
> Hello Lisa,
>
> Olga (IESO) provided the borrowing notices with signature under company seal. Do you mind reviewing the attached and commenting if you have any concerns?
>
> Thanks,
>
> Will
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> From: "Olga Whiteley" <Olga.Whiteley@ieso.ca<mailto:Olga.Whiteley@ieso.ca>>
> To: "William Tan" <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>, "Sarah Harris" <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: "Anthony Martinello" <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>, "Victor Buza" <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>
> Subject: RE: IESO $2B and $475M Credit Facilities
>
> Hello Will and Sarah,
> Please see attached borrowing notices with IESO's corporate seal applied to Peter Gregg's signature (CEO). I will forward the originals to you on Monday.
> Thank you very much for your help with all this.
> Regards.
>
> Olga Whiteley | Treasury and Pension Operations
> Independent Electricity System Operator (IESO) | T: (905) 403-6917 | F: (905) 403-6913
> Station A, Box 4474, Toronto, ON M5W 4E5
> Web: www.ieso.ca[ieso.ca]<https://urldefense.proofpoint.com/v2/url?u=http-3A__www.ieso.ca_&d=DwMFAg&c=qG_YucLTZOaBAapRaQkKEgrMWFFl0Cr1_eykjn9FtiQ&r=UzJb6zZSoj7Xb_d6xyTscTOc1rO9oteiNCfjim7d6-g&m=GH2nlZ39XOtn7ou06gZKSlHR0fHHl_rNOCgXN5pV_Qto&s=1aPPhzOjrw_PDR2gkMNsO3f35JqbwujaYbPbR1iPO-o&e=> | Email: olga.whiteley@ieso.ca<mailto:olga.whiteley@ieso.ca>
>
> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: May 17, 2018 3:54 PM
> To: Anthony Martinello; Olga Whiteley
> Cc: Sarah Harris
> Subject: RE: IESO $2B and $475M Credit Facilities
>
> Hello Anthony and Olga,
>
> I apologise for the multiple emails. I have additional solutions as I am having a fluid conversation with my legal department.
>
>
> 1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory and Updated Incumbency Certificate.
>
> 2. A delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories).
>
> 3. A general signing authority resolution of the IESO Board of Directors.
>
> 4. By-law or other document in place providing authorization to the IESO CEO.
>
> 5. A certificate from the IESO Corporate Secretary stating that the IESO CEO has signing authority.
>
> 6. A signature under seal of the corporation.
>
> Thanks,
>
> Will
>
>
>
>
> From: William Tan
> Sent: Thursday, May 17, 2018 3:27 PM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; 'Olga Whiteley' <Olga.Whiteley@ieso.ca<mailto:Olga.Whiteley@ieso.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Subject: RE: IESO $2B and $475M Credit Facilities
>
> Hello Anthony,
>
> Can you please request the following documents from your legal department:
>
>
> 1. a delegation of authority from the (former) IESO CFO to the IESO CEO (or other authorized signatories); and/or,
>
> 2. a general signing authority resolution of the IESO Board of Directors
>
> Thank you,
>
> Will
>
> From: William Tan
> Sent: Thursday, May 17, 2018 2:10 PM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>; Olga Whiteley <Olga.Whiteley@ieso.ca<mailto:Olga.Whiteley@ieso.ca>>
> Cc: Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Subject: RE: IESO $2B and $475M Credit Facilities
>
> Hello Anthony,
>
> Unfortunately the documents required are key documents. Could you please check on the status of the documents? I will seek any possible solutions from my end.
>
> Thanks,
>
> Will
>
> From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> Sent: Thursday, May 17, 2018 6:34 AM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>
> Cc: Olga Whiteley <Olga.Whiteley@ieso.ca<mailto:Olga.Whiteley@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Subject: RE: IESO $2B and $475M Credit Facilities
>
> Will,
> I have requested our legal group to address your request and prepare an updated cert….it is pending.
> I'm not sure this cert will be ready by today or tomorrow…let me know if this is a problem.
> As for the IESO CEO signing the draw, the resolution you already have notes that the CFO delegate can sign and thus the IESO CEO (CFO's boss) is now signing the draws.
>
> Regards.
>
>
> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: May 10, 2018 3:12 PM
> To: Anthony Martinello
> Cc: CASHP; SETTLEMENT; Carlos Yep; James Devine; Ricky Lai; Olga Whiteley; Sarah Harris
> Subject: FW: IESO $2B and $475M Credit Facilities
>
> Hello Anthony,
>
> As per our earlier conversation, we would require updated signing authority documents.
>
> Please provide the following:
>
>
> 1. Certified resolution of the board of directors for IESO authorizing both the Fair Hydro Plan Credit Agreement and for the Existing Credit Facility authorizing the signatory.
>
> 2. Updated Incumbency Certificate.
>
> Attached is an example of the documents.
>
> Thanks,
>
> Will
>
> From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> Sent: Thursday, May 10, 2018 11:47 AM
> To: CASHP <CASHP@ofina.on.ca<mailto:CASHP@ofina.on.ca>>; SETTLEMENT <SETTLEMENT@ofina.on.ca<mailto:SETTLEMENT@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; James Devine <James.Devine@ofina.on.ca<mailto:James.Devine@ofina.on.ca>>; Ricky Lai <Ricky.Lai@ofina.on.ca<mailto:Ricky.Lai@ofina.on.ca>>; William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>
> Cc: Olga Whiteley <Olga.Whiteley@ieso.ca<mailto:Olga.Whiteley@ieso.ca>>
> Subject: IESO $2B and $475M Credit Facilities
>
> Hi,
>
> The IESO's CFO, Kim Marshall, is no longer with the IESO effective May-1-2018.
>
> We are actively recruiting for a CFO, but no CFO and no acting CFO is yet named……the new CFO is not expected to be in place until July 2018.
>
> For the $2B and $475MM facilities, we will be drawing on these next week……..are you ok if I sign the OFA notices or do you require the IESO CEO (remember no CFO is present).
>
> Please advise.
>
> Regards.
>

> Anthony Martinello CPA CA, CFA
> Director, Treasury & Pension Operations
> Independent Electricity System Operator (IESO) | T: 905-403-6944
> Station A, Box 4474, Toronto, ON, M5W 4E5
> www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com]<https://na01.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.proofpoint.com%2Fv2%2Furl%3Fu%3Dhttps-3A__na01.safelinks.protection.outlook.com_-3Furl-3Dhttps-253A-252F-252Furldefense.proofpoint.com-252Fv2-252Furl-253Fu-253Dhttp-2D3A-5F-5Fwww.ieso.ca-5F-2526d-253DDwMFAg-2526c-253DqG-5FYucLTZOaBAapRaQkKEgrMWFFI0Cr1-5Feykjn9FitQ-2526r-253DUzJb6zZSoj7Xb-5Fd6xyTscTOc1rO9oteiNCfjim7d6-2Dg-2526m-253DKh3uiAFzemRbfpjOmqhVR3t38tqDSvvAoTcAkhUkEH8-2526s-253DVbhfydIgtUAQxYG0-5FRK2pJCOftB6BTywDmOwSMOHFQo-2526e-253D-26data-3D01-257C01-257CAnthony.Martinello-2540ieso.ca-257C86da2c1dcb444929a8ba08d5b6aa290b-257C7cd55abd63f243c58f4bd38ea458add8-257C0-26sdata-3DkcwReXsHFKlDV7Z8uIGkpAvXkJ0L0aNR-252FjfofNSPU-252Fw-253D-26reserved-3D0%26d%3DDwMFAg%26c%3DqG_YucLTZOaBAapRaQkKEgrMWFFI0Cr1_eykjn9FitQ%26r%3DUzJb6zZSoj7Xb_d6xyTscTOc1rO9oteiNCfjim7d6-g%26m%3D19pfQyutPeFTSLc7T2WN-4f98Sh2MPOOWdGs0HtFeYM%26s%3DT1easZVsi7vu8ocYr2WOv29yq0XUY57rWXLZi_28JD8%26e%3D&data=01%7C01%7COlga.Whiteley%40ieso.ca%7Cb8b29ae1f3fc4efd507708d5bc2ffc54%7C7cd55abd63f243c58f4bd38ea458add8%7C0&sdata=kr7P3DNsejf7lVvbElkPXJjOR17GC1vv5YXXvx5uTsA%3D&reserved=0>

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>
> _____
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> <SAMF170118051810190.pdf>
> <SAMF170118051810200.pdf>

From: Lisa.Stein@ofina.on.ca
To: Ryan Blackbyrne
Cc: Jean-Francois Beaupre; Tobias P. Whitfield (MOF)
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 4:21:51 PM

Hi Ryan,

As discussed, the IESO's proposed amendments are consistent with the "permitted liens" language from the OFA FHP credit facility agreement.

I've now discussed this language with Toby (from MOF legal) and have noted that are already aware of the risks (re priority if claims) involved with these proposed amendments (which you have identified as low/uncertain as per the draft briefing note).

As such, these additional amendments are acceptable from a legal perspective.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 2:04 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I believe the corresponding clause you are referring to is subsection 3.3(6) of the attached OFA FHP agreement.
>
> This is the clause:
> <image001.png>
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 1:55 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Thank you. Can you please send me the corresponding clause from the OFA FHP agreement?
>
> Sent from my iPhone

On Nov 30, 2017, at 1:11 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

Hi Lisa,

I just sent you the deletions you were referring to in the body of an email.

We have reviewed from a business perspective and are happy to proceed with Victor's edits to both agreements.

Please let us know if you have any comments.

Thank You,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:04 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?

Thank you

Lisa

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT

The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now.
…..I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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<FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf>

From: Lisa.Stein@ofina.on.ca
To: Ryan Blackbyrne
Cc: Jean-Francois Beaupre; Tobias P. Whitfield (MOF)
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 4:15:56 PM

Hi Ryan,

As discussed, the IESO's proposed amendments are consistent with the OFA FHP credit facility agreement. I've also discussed with Toby and we have both noted that you are already aware of the risks involved with these amendments (as per the draft briefing note).

Sent from my iPhone

On Nov 30, 2017, at 2:04 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I believe the corresponding clause you are referring to is subsection 3.3(6) of the attached OFA FHP agreement.
>
> This is the clause:
> <image001.png>
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 1:55 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Thank you. Can you please send me the corresponding clause from the OFA FHP agreement?
>
> Sent from my iPhone
>
> On Nov 30, 2017, at 1:11 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:
>
> > Hi Lisa,
> >
> > I just sent you the deletions you were referring to in the body of an email.
> >
> > We have reviewed from a business perspective and are happy to proceed with Victor's edits to both agreements.
> >
> > Please let us know if you have any comments.

Thank You,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 12:04 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?

Thank you

Lisa

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
> Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
>
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("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority

1 Dundas Street West, Suite 1400
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From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

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The definition of "Permitted Liens" is amended by deleting

the word “and” at the end of subsection (xx); replacing the “.” at the end of subsection (xx) and replacing it with “; and” ; and adding the following subsection (xx):
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If any… other relevant updates that make sense to do now. …..I do not anticipate any material ones.

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Regards.

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<FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf>

From: Lisa Stein
To: Ryan Blackbyrne
Cc: Tobias P. Whitfield (MOF); Jean-Francois Beaupre
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 2:27:00 PM
Attachments: image001.png
image002.png
image003.png

I query whether we should retain the language re "statutorily preferred", as well as the new proposed language? I've copied Toby from MOF legal to see if he has any views on this amendment.

Sent from my iPhone

On Nov 30, 2017, at 1:06 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> For the $120M Note:
>
> . Subsection 2.2(2) of the Agreement is deleted and replaced by the following:
> (2) The Note shall at all times rank *pari passu* with all other unsecured Senior Debt of the IESO, subject to the existence of any Liens that secure Indebtedness as permitted by subsections 3.8 (a) through (f) hereof.
>
> In the Original agreement Subsection 2.2(2):
>
> <image001.png>
> <image002.png>
> <image003.png>
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 12:06 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> I've just sent you an email regarding the additional deletion.
>
> Lisa
>
> Sent from my iPhone
>
> On Nov 30, 2017, at 12:01 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

Hi Lisa,

There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"

In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..

Thank You,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 11:50 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

Please see questions from my earlier email. Was there another deletion?

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:33 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I spoke to JF and we are fine with moving forward with deleting this paragraph. We understand it's a business decision.
>
> Did you have any other concerns with either note?
>
> Thanks,
> Ryan
>
> ---
>
> **From:** Lisa Stein

Sent: Thursday, November 30, 2017 11:28 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
>
> From Victor Buza's email:
>
> "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)"
> <image001.png>
>
> <image002.png>
> <image003.png>

Thanks,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 10:58 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?

Thank you,

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
> Hi Ryan – thanks for the drafts.

Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

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We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]

Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]

Sent: Monday, November 27,

2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the

OEFC agreements for fair hydro namely;

1.DRAFT

The definition of “Permitted Liens” is amended by deleting the word “and” at the end of subsection (xx); replacing the “.” at the end of subsection (xx) and replacing it with “; and” ; and adding the following subsection (xx):

“(xx) any Lien arising from the IESO’s role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.”

2.DRAFT

The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

“Section 5.7 Intercept

(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the “Intercept Letter”), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO

("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").

(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.

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(2) The Note shall at all times rank pari passu with all other Senior Debt, except Senior Debt that is statutorily preferred and Senior Debt that is secured by a Lien referred to in Sections 3.8(a) to 3.8(f), inclusive.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Lisa.Stein@ofina.on.ca
To: Ryan Blackbyrne
Cc: Jean-Francois Beaupre
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 2:24:20 PM

Hi Ryan,

These proposed amendments are consistent with the OFA FHP credit facility agreement.

Sent from my iPhone

On Nov 30, 2017, at 2:04 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

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To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

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Thank you

Lisa

Sent from my iPhone

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> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
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Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
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Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

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Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400

Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

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Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
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To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

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"." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
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<FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf>

From: Lisa.Stein@ofina.on.ca
To: Ryan Blackbyrne
Cc: Jean-Francois Beaupre
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 2:21:53 PM

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Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
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1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

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Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

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For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices

etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

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"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

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(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA

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From: Lisa Stein
To: Ryan Blackbyrne
Cc: Jean-Francois Beaupre
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 12:05:47 PM

Hi Ryan,

I've just sent you an email regarding the additional deletion.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 12:01 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> There was no similar deletion in the other agreement (for the $160M revolving credit facility). As Victor pointed out in his email: "You will note that a similar clause is not included in the Revolving Credit Agreement.)"
>
> In the original revolving credit agreement "Negative Pledge" was addressed in Section 4.7. There was no similar section called "Other Indebtedness" as there was in the original agreement for the $120M note..
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 11:50 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> Please see questions from my earlier email. Was there another deletion?
>
> Thank you,
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> Lisa
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> Hi Lisa,
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> Thanks,
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Sent: Thursday, November 30, 2017 11:28 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

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<image001.png>

<image002.png>
<image003.png>

Thanks,
Ryan

From: Lisa Stein
Sent: Thursday, November 30, 2017 10:58 AM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?

Thank you,

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
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attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

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We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Lisa Stein
To: Ryan Blackbyrne
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 11:50:13 AM

Hi Ryan,

Please see questions from my earlier email. Was there another deletion?

Thank you,

Lisa

Sent from my iPhone

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From: Lisa Stein
To: Ryan Blackbyrne
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 11:27:44 AM
Attachments: image001.png
image002.png
image003.png

Hi Ryan,

I have no concerns with this deletion either. However, as noted earlier, I suggest running it by Toby as well as we worked together on the negative pledge language.

I believe there was also a deletion to the other agreement. Was it the same paragraph ? I think that numbering was different.

Lisa

Sent from my iPhone

On Nov 30, 2017, at 11:17 AM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> Based on my conversation with Opal this morning, from a business perspective I don't have any concerns with this change.
>
> From Victor Buza's email:
>
> "Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)"
> <image001.png>
>
> <image002.png>
> <image003.png>
>
> Thanks,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 10:58 AM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan,

I found the amendments. Can you please send me the paragraphs that the IESO would like to delete? Do you have any concerns from a business perspective?

Thank you,

Sent from my iPhone

Begin forwarded message:

> **From:** Victor Buza <Victor.Buza@ieso.ca>
> **Date:** November 29, 2017 at 6:49:40 PM EST
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>
> **Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29**
>
> Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.
>
> The main adders that I have included track the language in the recently executed FHP Credit Facility.
>
> Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)
>
> We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.
>
> Regards,
> Victor
>
> **Victor Buza** | Senior Counsel
> Independent Electricity System Operator (IESO) | T: 416-969-6079
> 1600-120 Adelaide Street West, Toronto, ON M5H 1T1
> Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and

as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation.
The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now……I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

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Section 3.7 Other Indebtedness.

The Company covenants that if it shall cause any payment of principal, premium or interest on any of its Indebtedness to be subordinated or postponed to the prior payment of any other Indebtedness it shall in like manner subordinate or postpone such payment to the prior payment of the Note.

Section 3.8 Negative Pledge.

The Company will not, and will not permit any Subsidiary to, create, incur or assume any Lien, charging the interest of the Company or any Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, the Note is secured equally

and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) The creation, incurrence or assumption of any Purchase Money Mortgage;

(b) The grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the Company or any Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) Liens granted by a Subsidiary to the Company;

(e) Any extension, renewal or replacement of any of the Liens referred to in Sections 3.8(a) to (d), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased.; and

(f) Any Lien charging the interest of the Company or any Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 3.8(a) to (d), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 3.8(f) which is outstanding at such time does not exceed 25% of Consolidated Assets at such time.

From: Lisa Stein
To: Ryan Blackbyrne
Cc: Jean-Francois Beaupre; Tobias P. Whitfield (MOF)
Subject: Re: IESO - OEFC Drafts - IESO Comments Nov 29
Date: Thursday, November 30, 2017 4:24:17 PM
Attachments: image001.png

Hi Ryan,

As discussed, the IESO's proposed amendments are consistent with the "permitted liens" language from the OFA FHP credit facility agreement.

I've now discussed this language with Toby (from MOF legal) and have noted that CEFD and Capital Markets are already aware of the rationale and risks involved with these proposed amendments (i.e priority of claims, which you have identified as low/uncertain as per the draft briefing note).

As such, these additional amendments are acceptable from a legal perspective.

Please let me know if you would like to discuss further.

Thank you,

Lisa

Sent from my iPhone

On Nov 30, 2017, at 2:04 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I believe the corresponding clause you are referring to is subsection 3.3(6) of the attached OFA FHP agreement.
>
> This is the clause:
> <image001.png>
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 1:55 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Subject:** Re: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Thank you. Can you please send me the corresponding clause from the OFA FHP agreement?

Sent from my iPhone

On Nov 30, 2017, at 1:11 PM, Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca> wrote:

> Hi Lisa,
>
> I just sent you the deletions you were referring to in the body of an email.
>
> We have reviewed from a business perspective and are happy to proceed with Victor's edits to both agreements.
>
> Please let us know if you have any comments.
>
> Thank You,
> Ryan
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, November 30, 2017 12:04 PM
> **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
> **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** Fwd: IESO - OEFC Drafts - IESO Comments Nov 29
>
> Hi Ryan,
>
> Based on the attachments provided by Victor, there is an additional deletion to s. 2.2 of the agreement. Can you please send me this text? Have you reviewed from a business perspective?
>
> Thank you
>
> Lisa
>
> Sent from my iPhone
>
> Begin forwarded message:
>
> > **From:** Victor Buza <Victor.Buza@ieso.ca>
> > **Date:** November 29, 2017 at 6:49:40 PM EST
> > **To:** Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>, Anthony Martinello <Anthony.Martinello@ieso.ca>
> > **Cc:** Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, Opal Kandelas <Opal.Kandelas@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, "Lisa Stein" <Lisa.Stein@ofina.on.ca>

Subject: RE: IESO - OEFC Drafts - IESO Comments Nov 29

Hi Ryan – thanks for the drafts. Please see attached markups that include our comments – I haven't had an opportunity to discuss these changes/comments internally but thought I should forward these asap given the time pressure.

The main adders that I have included track the language in the recently executed FHP Credit Facility.

Regarding the deletion of s.3.7 in the Note Agreement ("Other Indebtedness"), this is duplicative of s.3.8 ("Negative Pledge") but also conflicts with it in certain respects so may cause confusion and I believe the easiest way to deal with it is to delete it since I don't think it adds anything. (You will note that a similar clause is not included in the Revolving Credit Agreement.)

We may have more comments after we have a chance to discuss your draft and my comments internally tomorrow.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca] | Twitter: IESO_Tweets[twitter.com] | LinkedIn: IESO[linkedin.com]

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From: Ryan Blackbyrne [mailto:Ryan.Blackbyrne@ofina.on.ca]
Sent: November 29, 2017 4:50 PM
To: Anthony Martinello
Cc: Jean-Francois Beaupre; John Kim; Victor Buza; Gavin He; Opal Kandelas; Sarah Harris; Lisa Stein
Subject: RE: IESO - OEFC Nov 27

Hi Anthony,

Please find initial draft documents for your review. Please note terms of these documents are still subject to internal approval at the OFA. Please let us know your comments.

Regards,

Ryan Blackbyrne
Documentation & Analysis Specialist
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8143
ryan.blackbyrne@ofina.on.ca

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, November 27, 2017 2:50 PM
To: Ryan Blackbyrne <Ryan.Blackbyrne@ofina.on.ca>
Cc: Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: IESO - OEFC Nov 27

Ryan – are you able to send over draft documents for our review? I understand that we may start to work on them now.

Regards.

From: Anthony Martinello
Sent: November 07, 2017 4:07 PM
To: 'Ryan.Blackbyrne@ofina.on.ca'
Cc: 'Jean-Francois.Beaupre@ofina.on.ca'; William Tan; John Kim; Victor Buza
Subject: IESO - OEFC Nov 7

Ryan,

As discussed with Will today, I understand you will be co-ordinating the proposed 2 amendments to the existing IESO-

OEFC credit facilities.

For starters, there are no expected changes being asked to the existing agreement's key business content (e.g. amounts, dates, interest, notices etc.), rather given that IESO-OFA have just finished two new agreements pertaining to the new fair hydro program, ….I suggest we just copy and paste the salient sections from these agreements that would now be relevant to the OEFC agreements for fair hydro namely;

1.DRAFT
The definition of "Permitted Liens" is amended by deleting the word "and" at the end of subsection (xx); replacing the "." at the end of subsection (xx) and replacing it with "; and" ; and adding the following subsection (xx):
"(xx) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP."

2.DRAFT
The OFA agreements had required an intercept provision, …..not sure if the same applies to OEFC if yes:

"Section 5.7 Intercept
(a) The IESO hereby acknowledges that, in accordance with the terms of the letter agreement of November 6th , 2017 herewith entered between the Ministry of Energy, the IESO and the OFA made pursuant to Section 23 of the Capital Investment Plan Act, 1993 (the "Intercept Letter"), the Minister of Finance is entitled to deduct only from those monies appropriated by the Legislature for payment through the Ministry of Energy to the IESO ("Appropriated Funds"), amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this Agreement. On the occurrence of an Event of Default relating to a failure by IESO to pay when due any amounts owing hereunder, subject to the OFA's compliance with any relevant provisions hereof and as set out in the Intercept Letter, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO has failed to pay to the OFA in accordance with the

provisions of this Agreement and to pay such amounts directly to the OFA ("Intercept").
(b) If, after following the process specified in the Intercept Letter (including, without limitation, allowing for a reasonable cure period on the terms specified therein), the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, detailing the IESO's failure to pay when due any amounts owing hereunder and requesting the deduction from the Appropriated Funds of amounts equal to the amounts that the IESO has failed to pay to the OFA under this Agreement.
(c) The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO has failed to pay when due to the OFA on account of indebtedness under this Agreement shall be deducted from the Appropriated Funds and paid to the OFA.
(d) For further certainty, the OFA acknowledges and agrees that the Intercept as provided for herein and in the Intercept Letter shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than the Ministry of Energy or through Ontario Climate Change Solutions Deployment Corporation. The parties agree that, with respect to the exercise of the Intercept generally, the terms of this section 5.7 shall be applied consistently with the terms set out in the Intercept Letter which shall apply in full. Notwithstanding the foregoing, in the event of a conflict or inconsistency between the terms and conditions of the Intercept Letter and the terms and conditions contained in this Agreement, the terms and conditions contained in this Agreement shall prevail."

3.
If any… other relevant updates that make sense to do now. …..I do not anticipate any material ones.

We need your support to expedite the above in order to avoid delays in the Fair Hydro implementation.
Regards.

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<FHP Credit Agreement OFA IESO - Nov 6, 2017 - OFA Signed.pdf>

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

From: John Kim
To: Sarah Neville
Cc: Gavin He; Lisa Stein
Subject: Re: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 7:15:54 PM

FYI we are hoping to give IESO an indication tomorrow so that the process of amending the wording can start.

Sent from my iPhone

On Nov 15, 2017, at 7:12 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Sarah,
>
> Pls review and let us know if any legal issues. From OFA perspective, without getting into details we provided the same amendments for the OFA facilities. So if we are to refuse the request we will have to have a rationale. Our assessment is documented in the note. Ron and Gadi will make the business call ultimately and we are trying to line things up.
>
> John
>
> Sent from my iPhone
>
> On Nov 15, 2017, at 6:41 PM, Sarah Neville <Sarah.Neville@ofina.on.ca> wrote:
>
> > Hi Gavin - I am speaking at a conference in Niagara tomorrow morning. I will be able to review this late tomorrow afternoon or Friday morning.
> >
> > Lisa briefed me on this issue and my understanding is that there is no legal prohibition with respect to amending the agreements but that it is a business decision. If a decision is made to support IESO's request my understanding is that we would expect IESO to provide proposed amended language for OEFC's review.
> >
> > Please confirm that I have interpreted the situation correctly.
> >
> > BTW who is this note going to? Is it internal to the OFA or going outside? I note it has a recommendation but isn't drafted as a formal approval document.
> >
> > Sarah
> >
> > Sent from my iPhone
> >
> > On Nov 15, 2017, at 6:09 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

Hi Lisa,

I just got an out of office from Sarah as well. Is there anyone else who can review this?

Thanks,
Gavin He

From: Gavin He
Sent: Wednesday, November 15, 2017 6:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC credit facilities : permitted liens

Hi Sarah,

Hope all is going well! In Lisa's absence, I am sending the OEFC credit facility agreement BN to you for review and comments.

The IESO has reached out to us to make the similar change to the definition of the "permitted liens" under the OFA credit facility agreement, which were signed recently. As a result, CEFD has drafted the attached note for IESO's request. Could you please review and let us know if you have any concerns?

Please note that IESO has indicated that they will seek their Board approval on Nov. 22 to grant the security/priority on IESO's assets to the OPG Trust, so we will need to resolve this as soon as possible.

Please let us know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

This e-mail message and any files transmitted with it are intended only for the named recipient(s) above and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient(s), any dissemination, distribution or copying of this e-mail message or any files transmitted with it is strictly prohibited. If you have received this message in error, or are not the named recipient(s), please notify the sender immediately and delete this e-mail message.

From: John Kim
To: Sarah Neville
Cc: Gavin He; Lisa Stein
Subject: Re: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 7:12:02 PM

Hi Sarah,

Pls review and let us know if any legal issues. From OFA perspective, without getting into details we provided the same amendments for the OFA facilities. So if we are to refuse the request we will have to have a rationale. Our assessment is documented in the note. Ron and Gadi will make the business call ultimately and we are trying to line things up.

John

Sent from my iPhone

On Nov 15, 2017, at 6:41 PM, Sarah Neville <Sarah.Neville@ofina.on.ca> wrote:

> Hi Gavin - I am speaking at a conference in Niagara tomorrow morning. I will be able to review this late tomorrow afternoon or Friday morning.
>
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>
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>
> BTW who is this note going to? Is it internal to the OFA or going outside? I note it has a recommendation but isn't drafted as a formal approval document.
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> Sarah
>
> Sent from my iPhone
>
> On Nov 15, 2017, at 6:09 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:
>
> > Hi Lisa,
> >
> > I just got an out of office from Sarah as well. Is there anyone else who can review this?
> >
> > Thanks,
> > Gavin He

From: Gavin He
Sent: Wednesday, November 15, 2017 6:06 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: FW: IESO - OEFC credit facilities : permitted liens

Hi Sarah,

Hope all is going well! In Lisa's absence, I am sending the OEFC credit facility agreement BN to you for review and comments.

The IESO has reached out to us to make the similar change to the definition of the "permitted liens" under the OFA credit facility agreement, which were signed recently. As a result, CEFD has drafted the attached note for IESO's request. Could you please review and let us know if you have any concerns?

Please note that IESO has indicated that they will seek their Board approval on Nov. 22 to grant the security/priority on IESO's assets to the OPG Trust, so we will need to resolve this as soon as possible.

Please let us know if you have any questions.

Thanks,
Gavin He

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, November 15, 2017 6:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>
Subject: IESO - OEFC credit facilities : permitted liens

John,

As discussed yesterday, it likely is best to add to the definition of "Permitted Liens" in the two OEFC facilities to address a) IESO granting security to the OPG Trust during the first 4 years of fair hydro program and b) the possibility that the Clean Energy Adjustment funds collected by IESO might be considered to be subject to a lien. The IESO does not want to be inadvertently in default.

Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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From: Sarah Neville
To: Gavin He
Cc: Lisa Stein; John Kim
Subject: Re: IESO - OEFC credit facilities : permitted liens
Date: Wednesday, November 15, 2017 6:41:32 PM

Hi Gavin - I am speaking at a conference in Niagara tomorrow morning. I will be able to review this late tomorrow afternoon or Friday morning.

Lisa briefed me on this issue and my understanding is that there is no legal prohibition with respect to amending the agreements but that it is a business decision. If a decision is made to support IESO's request my understanding is that we would expect IESO to provide proposed amended language for OEFC's review.

Please confirm that I have interpreted the situation correctly.

BTW who is this note going to? Is it internal to the OFA or going outside? I note it has a recommendation but isn't drafted as a formal approval document.

Sarah

Sent from my iPhone

On Nov 15, 2017, at 6:09 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Lisa,
>
> I just got an out of office from Sarah as well. Is there anyone else who can review this?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Gavin He
> **Sent:** Wednesday, November 15, 2017 6:06 PM
> **To:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** FW: IESO - OEFC credit facilities : permitted liens
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Cc: Victor Buza <Victor.Buza@ieso.ca>
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Happy to discuss further. I am out of the office most of this week on IESO business matters but available by cell 289-795-9426, or if necessary you may connect with Victor.

Regards.

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From: Sarah Neville
To: Gavin He
Cc: Lisa Stein; John Kim
Subject: Re: IESO - OEFC credit facilities : permitted liens
Date: Thursday, November 16, 2017 6:12:15 AM

I would change “preference” to “it is IESO’s position that it wants to make...” and add “of it’s security obligations to OPG Trust” after the word default.

Sent from my iPhone

On Nov 15, 2017, at 10:20 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Sarah,
>
> Thank you very much for the prompt response on this. I have updated the BN to incorporate your comment on that bullet point. Please let me know if below revised language would work:
>
> <!--[if !supportLists]-->• <!--[endif]-->Although the OEFC credit facility is not used for OFHP’s purpose, it’s still IESO’s preference to make such change to the definition of the permitted liens to make sure that the IESO is not inadvertently in default and meets its role and obligation under the OFHP Act.
>
> We will connect with IESO to ask them to provide us with the first cut of proposed amendments to review soon.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Sarah Neville
> **Sent:** Wednesday, November 15, 2017 7:51 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: IESO - OEFC credit facilities : permitted liens
>
> Hi John – I reviewed the draft note Gavin sent, against the version of the note Lisa commented on dated November 9 (I don’t have access to any more recent correspondence on this). It appears that most of her proposed changes were substantially incorporated. The only change not addressed was with respect to the second bullet in the recommendation: “…such change to the permitted liens is still *required* in order for IESO to meet its role….” Lisa queried whether it is really “required” (I agree with this comment, there are other options, for example a waiver, but an amendment is the most certain and consistent approach). One option may be to clarify that this is IESO’s position/preference (presumably this is the source of the request).

I will leave it to you as to whether you want to make this change.

Based on my review of the note, Lisa's prior comments and the discussion I had with Lisa yesterday I have no further comments.

In the interests of time, and subject to your receiving direction to proceed, my recommendation is that you get IESO to provide a first cut of proposed amendments it is seeking for Lisa's review when she returns to the office on Monday.

Sarah

From: John Kim
Sent: Wednesday, November 15, 2017 7:16 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: Re: IESO - OEFC credit facilities : permitted liens

FYI we are hoping to give IESO an indication tomorrow so that the process of amending the wording can start.

Sent from my iPhone

On Nov 15, 2017, at 7:12 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Sarah,
>
> Pls review and let us know if any legal issues. From OFA perspective, without getting into details we provided the same amendments for the OFA facilities. So if we are to refuse the request we will have to have a rationale. Our assessment is documented in the note. Ron and Gadi will make the business call ultimately and we are trying to line things up.
>
> John
>
> Sent from my iPhone
>
> On Nov 15, 2017, at 6:41 PM, Sarah Neville <Sarah.Neville@ofina.on.ca> wrote:
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>> Hi Gavin - I am speaking at a conference in Niagara tomorrow morning. I will be able to review this late tomorrow afternoon or Friday morning.

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Regards.

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<IESO-OEFC - FHP LoC_Nov 2017_v7.docx>

From: Sarah Harris
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: Re: IESO Amendments
Date: Thursday, April 27, 2017 6:05:18 PM

Hi Victor,

Other than me confirming the form of interest rate to be listed at the top of the $120M note, are you okay with the last drafts of the agreements? If so, could you please prepare execution versions of the agreements. I will have an answer for you on the interest rate reference for the note tomorrow morning. I just need to confirm internally - nothing contentious.

Olga and I connected earlier this afternoon, so we are on track there.

Thanks,
Sarah
On Apr 27, 2017, at 5:49 PM, Victor Buza <Victor.Buza@ieso.ca> wrote:

> Thanks Sarah - I have arranged a window when I will get the agreements and other documents signed tomorrow between 145 and 230 so I really need executable forms of all documents by say 1230 tomorrow if at all possible.
>
> I will be working from our Mississauga office which is where my signors will be. I understand we can arrange same day delivery of the documents from Mississauga to Toronto if you require that.
>
> I am hoping you had a chance to speak with Olga Whitely regarding the operations side of all of this today.
>
> Regards
> Victor
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Sarah Harris
Sent: Thursday, April 27, 2017 5:07 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

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calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.

2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris
Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the "market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
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Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
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Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
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Kelly – Victor will advise. Regards.

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Subject: IESO Amendments

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Cc: Kelly Listoe; Lisa Stein
Subject: Re: IESO Amendments
Date: Friday, April 28, 2017 8:10:52 AM

Hi Sarah - could you resend the attachments you sent in your 4:58 email yesterday (shows up as 5:07 too). For some reason the Note Agreement is on a magenta background, and I want to make sure I am looking at the right documents. It's a long story but the problem may be on this end and it's best if you could just resend.
Thanks
Victor

From: Sarah Harris <Sarah.Harris@ofina.on.ca>
Sent: Thursday, April 27, 2017 4:58 PM
To: Victor Buza
Cc: Kelly Listoe; Lisa Stein
Subject: RE: IESO Amendments

Hi Victor,

Thanks for the revised drafts. Please note the following:

1. Re the Note Agreement For clarity, we've amended Section 2.17 to better show the breakdown of the calculation of the accrual of interest for the two calculations separate periods used for Part A (from April 30) and Part B (from May 1). Similar changes were also made to the form of Note.
2. Re the Revolving Facility – We agree with your changes
3. Certified Board Resolution – Looks good.

The Note and Revolving Facility have been tidied up for a few typos.

I think we are in good shape. Fingers crossed.

Regarding your question, yes, you should sign and deliver the actual two notes (i.e.as separate them from the forms of notes in each respective schedule). Given the rate is set on Monday for the $120M note, I am thinking that we leave the 'descriptor' the interest rate at the top of the note as the effective rate on the note (vs. the discrete interest rate) , but am going to verify tomorrow. It seems there's precedent for both in the past.

Thanks,

Sarah Harris

Manager, Operations
Capital Markets Division
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7
416-325-8193
sarah.harris@ofina.on.ca

From: Kelly Listoe
Sent: Thursday, April 27, 2017 3:31 PM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>
Subject: FW: IESO Amendments
Importance: High

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8129

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 3:25 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO Amendments
Importance: High

Hi Kelly – per our call earlier this afternoon, I have amended both agreements to what I hope are now final versions.

1. Re the Note Agreement – as discussed, we agree with the latest changes you made to introduce the Part A and Part B Amounts – this resolves the interest issues very cleanly. Also, as mentioned, I added the stub period language that was inserted previously into the main body of the agreement into the Note itself, for consistency. And I fixed a couple of small typos which you'll see in the mark-up.

2. Re the Revolving Facility – I understand the Fair Hydro language I provided last night is acceptable to you, so I just accepted it. I also added the Counterparts language to the Revolving Facility that was in the Note Agreement in case we have trouble circulating the same documents to everyone in time tomorrow. Finally, I deleted the reference to the

"market renewals program" in the Use of Proceeds section since we intended to remove reference to that from the agreement, but apparently missed one of the three references.

3. Certified Board Resolution – Per your email of a few moments ago, I correct the typo in the name of OEFC – see attached.

Important Question – in addition to signing the two agreements and the Certified Director's Resolution and Incumbency Certificate, do we not also have to sign the two actual Notes themselves? Ie. The $120million Note for the Note Agreement; and the $160 million Note for the Revolver? If so, can you provide those in execution form asap so I can include them in the final package for execution ?

Thanks,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 1:09 PM
To: Victor Buza
Subject: RE: IESO Amendments

Yes, they look fine. Thanks.

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Thursday, April 27, 2017 1:07 PM
To: Kelly Listoe <Kelly.Listoe@ofina.on.ca>

Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO Amendments

Hi Kelly – can you please confirm that the form of the attached documents (Incumbency Certificate and Certified Board Resolution) is acceptable to IESO, and that, other than the amending agreements themselves, there are no other documents that will need to be signed tomorrow in connection with closing the amendment agreements.
Thanks,
Victor
416-969-6079

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 12:05 PM
To: Victor Buza
Cc: Sarah Harris
Subject: FW: IESO Amendments

Hi Victor:

Should I send everything to you, or Kim Marshall, or someone else once they are ready for execution? We are working on language to cover off the 2 components of the "new" $120MM note, consisting of the $90MM roll and the $30MM new money. We should have something fairly soon and hope to execute everything tomorrow.

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Thursday, April 27, 2017 9:41 AM
To: Victor Buza <Victor.Buza@ieso.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: FW: IESO Amendments

Kelly – Victor will advise. Regards.

From: Kelly Listoe [mailto:Kelly.Listoe@ofina.on.ca]
Sent: April 27, 2017 9:26 AM
To: Anthony Martinello
Subject: IESO Amendments

Hi Anthony

I think we are close to getting the agreements signed. Could you ensure that the board resolution is provided to me as soon as possible? Also, to whom should the docs be couriered and what is the address to ensure the least amount of wasted time?

Regards,

Kelly Listoe
Documentation & Compliance Coordinator
Capital Markets
Ontario Financing Authority
1 Dundas Street West, Ste. 1400
Toronto, ON. M7A 1Y7
(416) 325 - 8053

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From: Sarah Neville
To: William Tan
Cc: Caroline Swerdlyk; Sarah Harris; Lisa Stein
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 4:50:13 PM

Hi - It also just occurred to me that we should also double check the various Directives issued to support the amendments to the IES0 $975 line made over the years to make sure/confirm that the proposed changes are not somehow offside what minister has directed.

Thanks very much

Sarah

Sent from my iPhone

On Aug 30, 2017, at 4:30 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello Caroline,
> Attached is the IESO Credit Requirements Letter which outlined the $2 Billion Credit Facility.
> Also attached is the History of IESO OFA Amending Agreements doc.
>
> <!--[if !supportLists]-->1. <!--[endif]-->The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
>
> <!--[if !supportLists]-->2. <!--[endif]-->Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
>
> <!--[if !supportLists]-->3. <!--[endif]-->Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
>
> <!--[if !supportLists]-->4. <!--[endif]-->Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
>
> Thanks,
> Will
>
> ---
>
> **From:** Caroline Swerdlyk
> **Sent:** Wednesday, August 30, 2017 3:16 PM
> **To:** William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
> **Cc:** Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Subject:** FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
> Hi,
> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
>
> <!--[if !supportLists]-->- <!--[endif]-->The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than

28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.

<!--[if !supportLists]-->- <!--[endif]-->The current Credit Agreement only provides for principal amounts of Advances to be continued/rolled-over. The FHP agreement allows for interest to be rolled-over as well (and included in the "Continued Advance" amount). Please confirm whether the current agreement should now provide for interest to be rolled-over.

<!--[if !supportLists]-->- <!--[endif]-->The current Credit Agreement requires one Business Day's prior notice for an election. The FHP agreement requires 2 Business Days' notice for an election. Since the new form of Election Notice could include a request for a new advance, I will use 2 Business Days in the amending agreement. Please let me know if this is not correct.

<!--[if !supportLists]-->- <!--[endif]-->The following subsections in 3.3 are new in the FHP Agreement, and are not in the current Credit Agreement. I am still looking at whether these should be added to Amending Agreement 10. Do you have any thoughts on this based on your knowledge of the history of this file? We may need to meet to discuss:

> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
>
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
>
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Thanks,
Caroline

From: William Tan
Sent: Wednesday, August 30, 2017 10:52 AM
To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10

Hello Anthony,
Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
Thanks,
Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Monday, August 28, 2017 3:39 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Victor Buza <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>;

Lisa Stein <Lisa.Stein@ofina.on.ca>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
Hello Anthony and Victor
Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
Execute:
Amending Agreement 10
FHP Credit Facility
Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,
Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca
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From: Victor Buza
To: William Tan
Cc: Sarah Harris; Lisa Stein; Caroline Swerdlyk; Anthony Martinello
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Tuesday, August 29, 2017 4:01:07 PM

Hello all - just as a follow-up to our call of a few minutes ago, it would make sense for the borrowing processes to be aligned for both lines of credit (i.e. the FHP line and the $475MM line) per Anthony's comments below.

Since it sounds like there will need to be some additional tweaks to the Election Notice language we inserted in yesterday's draft, would it make sense for you rather than us to make the changes to the Amendment #10 document as well, since you have the pen on this issue right now ? Just thinking here about what's most efficient time-wise (ie if not, we have to wait for your markup etc).

Let us know - thanks,

Victor
416-969-6079

From: Anthony Martinello
Sent: Monday, August 28, 2017 3:38 PM
To: William Tan
Cc: Victor Buza; Sarah Harris; Lisa Stein; Caroline Swerdlyk
Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
Will – see attached $2B draft for your review.
As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: August 18, 2017 3:18 PM
To: Anthony Martinello; Victor Buza
Cc: Sarah Harris; Lisa Stein
Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
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Execute:
Amending Agreement 10
FHP Credit Facility

Resolution of the Board of Directors.
Incumbency Certificate
Thanks,
Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Sarah Neville
To: William Tan
Cc: Caroline Swerdlyk; Sarah Harris; Lisa Stein
Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
Date: Wednesday, August 30, 2017 6:17:17 PM

Thanks William -

Sent from my iPhone

> On Aug 30, 2017, at 6:06 PM, William Tan <William.Tan@ofina.on.ca> wrote:
>
> Hello,
>
> These are all directives I have.
>
> From: Sarah Neville
> Sent: Wednesday, August 30, 2017 4:50 PM
> To: William Tan <William.Tan@ofina.on.ca>
> Cc: Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> Subject: Re: IESO FHP Credit Facility Agreement and Amending Agreement 10
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> Hi - It also just occurred to me that we should also double check the various Directives issued to support the amendments to the IES0 $975 line made over the years to make sure/confirm that the proposed changes are not somehow offside what minister has directed.
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> Thanks very much
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> On Aug 30, 2017, at 4:30 PM, William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>> wrote:
> Hello Caroline,
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> Also attached is the History of IESO OFA Amending Agreements doc.
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> 1. The existing credit facility for $975 million credit facility was originally set-up for different lending purposes and was only updated recently to accommodate FHP related advances and we were not instructed to update advancement parameters. No change required.
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> 2. Same as above. Currently no instructions to update how Advances are to be continued/rolled-over. No change required.
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> 3. Amending Agreement No. 9 extends from One business day to Two business days' notice for Advancements. No change required.
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> 4. Currently there are no instructions to implement Sections 3.3 (4)(6)(7) Elections Regarding Advances. into Amending Agreement 10.
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> Thanks,
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> Will
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> From: Caroline Swerdlyk
> Sent: Wednesday, August 30, 2017 3:16 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>
> Cc: Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
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> Hi,
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> I've started drafting the changes to the Amending Agreement 10, and have a couple of questions about the extent to which the two credit agreements are to be aligned:
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> - The current Credit Agreement states that the Repayment Date for an Advance/continued Advance, must be no earlier than 28 days and not later than 95 days after the date of the requested Advance/current Repayment Date. Under the FHP agreement, the minimum period is 5 days. Please confirm whether the minimum should remain 28 days for the current credit facility.
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> (4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).
> (6) The Credit Facility shall at all times rank pari passu with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.
> (7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.
>
> Thanks,
> Caroline
>

> From: William Tan
> Sent: Wednesday, August 30, 2017 10:52 AM
> To: 'Anthony Martinello' <Anthony.Martinello@ieso.ca<mailto:Anthony.Martinello@ieso.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>
> Subject: RE: IESO FHP Credit Facility Agreement and Amending Agreement 10
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> Hello Anthony,
>
> Please find the attached FHP Credit Facility Agreement. Please provide your review and comments. If the changes are acceptable, we will make the applicable changes to the Amending Agreement 10.
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> Thanks,
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> Will
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> From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
> Sent: Monday, August 28, 2017 3:39 PM
> To: William Tan <William.Tan@ofina.on.ca<mailto:William.Tan@ofina.on.ca>>
> Cc: Victor Buza <Victor.Buza@ieso.ca<mailto:Victor.Buza@ieso.ca>>; Sarah Harris <Sarah.Harris@ofina.on.ca<mailto:Sarah.Harris@ofina.on.ca>>; Lisa Stein <Lisa.Stein@ofina.on.ca<mailto:Lisa.Stein@ofina.on.ca>>; Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca<mailto:Caroline.Swerdlyk@ofina.on.ca>>
> Subject: FW: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
> Will – see attached $2B draft for your review.
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> As discussed, we amended the election notice to make it more efficient for both IESO and OFA.
>
> We will await your comments on this $2B draft before we make draft comments on the amendment #10 – as we likely should revise amendment #10's borrowing/election form notices to align with the attached $2B draft.
>
> Regards.
>
>
>
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> From: William Tan [mailto:William.Tan@ofina.on.ca]
> Sent: August 18, 2017 3:18 PM
> To: Anthony Martinello; Victor Buza
> Cc: Sarah Harris; Lisa Stein
> Subject: IESO FHP Credit Facility Agreement and Amending Agreement 10
>
>
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> Hello Anthony and Victor
>
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>
> Please find the attached FHP Credit Facility Agreement and Amending Agreement 10. If the changes are satisfactory, please accept the changes and execute two original copies and forward the originals to me. When you have a moment please contact me for a quick chat.
>
>

>
> Execute:
>
> Amending Agreement 10
>
> FHP Credit Facility
>
> Resolution of the Board of Directors.
>
> Incumbency Certificate
>
>
>
> Thanks,
>
>
>
>
>
> Best regards,
>
>
>
> Will Tan| Documentation & Analysis Specialist
>
> Capital Markets Division | Ontario Financing Authority
>
> 1 Dundas Street West, Suite 1400
>
> Toronto, Ontario M5G 1Z3, CANADA
>
> Tel. (416) 325-8090 | Fax: (416) 860-8346
>
> william.tan@ofina.on.ca<mailto:william.tan@ofina.on.ca>
>
>
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>
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> <IESO_OFA FHP 2017 Credit Letter.docx>
> <History of IESO OFA Amending Agreements.doc>
> <Minister Directive for IESO Credit Facility Approval.pdf>
> <IESO Directives.eml>

From: John Kim
To: Sarah Harris
Cc: William Tan; Lisa Stein; Opal Kandelas; Gavin He
Subject: Re: IESO / OEFC - $120MM and $160MM
Date: Sunday, November 05, 2017 1:54:31 PM

Hi Sarah,

We will look at this but this is oefc so not sure if the same lending policy applies.

John

Sent from my iPhone

On Nov 5, 2017, at 12:06 PM, Sarah Harris <Sarah.Harris@ofina.on.ca> wrote:

> Hi John,
>
> We've received no internal direction on the nature of changes IESO is looking for in relation to existing OEFC credit facility with the IESO and the FHP. I surmise it may have to do with adjusting the agreement to allow FHP permitted liens (which we would need internal approval to do) or similar changes, but do you know if IESO communicated requirements to Gadi or Ron?
>
> Thanks,
> Sarah
> Sent from my iPhone
>
> Begin forwarded message:
>
> **From:** Anthony Martinello <Anthony.Martinello@ieso.ca>
> **Date:** November 5, 2017 at 11:02:50 AM EST
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>, Sarah Harris <Sarah.Harris@ofina.on.ca>, Victor Buza <Victor.Buza@ieso.ca>
> **Subject: RE: IESO / OEFC - $120MM and $160MM**
>
> Will – unless any concerns, will appreciate if you please begin to draft the two OEFC amendments this week – given that the IESO is targeting to sign the OPG / IESO fair hydro agreement by this month's end,….we need to have the two OEFC's done before this.
>
> Regards.
>
> ---
>
> **From:** Anthony Martinello

Sent: November 01, 2017 12:56 PM
To: 'William Tan'
Cc: 'Lisa Stein'; 'Sarah Harris'; 'John Kim'; Victor Buza
Subject: IESO / OEFC - $120MM and $160MM

Once we have completed the 2 OFA facilities and the intercept letter – we then have to turn to the 2 outstanding IESO-OEFC credit facilities to contemplate any further amendments too.

Just ensuring that these 2 OEFC facilities are not missed.

Regards.

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From: Victor Buza
To: William Tan; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: Re: IESO : OFA new FH credit facility - Amending Agreement 10
Date: Tuesday, July 25, 2017 9:41:14 AM

Hi Will - a couple of small items I am noticing on this draft of Amending Agreement #10 - not sure who is handling the legal drafting details, but it would be helpful if we could do a quick Legal call on this rather than send drafts back and forth - we should be able to deal with it quicker that way.

Also, at the same time, I'd like to touch base on the authorizing documents - the Certified IESO Board Resolution and Incumbency Certificate are ready for your review in draft form, but before sending those over, I would like to briefly discuss the Delegation of Authority document you mentioned since I believe it may not apply here.

I am not in the office today so please give me a call at 905-929-1434 this morning or between 2:00 and 5:30 this afternoon - or let me know who to call at what number.

Thanks
Victor

From: William Tan <William.Tan@ofina.on.ca>
Sent: Monday, July 24, 2017 11:05 AM
To: Victor Buza; Anthony Martinello
Cc: Sarah Harris; Kelly Listoe; Lisa Stein
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Thank you gentlemen. For your convenience please find the revised amending agreement.

Other than paragraphs 2 & 3, the draft tracks only new changes to the Amending Agreement that the OFA is proposing to make to IESO's July 7 draft, most are simply true up changes to align definitions, etc. The only substantive issue is the change to paragraph 4 confirming the limitation on the use of proceeds.

Please let me know if you require anything further or if you have questions.

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Monday, July 24, 2017 11:02 AM

To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hi Will – we are ok with that language. I will proceed to revise the document accordingly.
Victor

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: July 24, 2017 10:46 AM
To: Anthony Martinello
Cc: Victor Buza; Sarah Harris; Kelly Listoe
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Good morning Anthony,

I've had a chance to speak with Victor on Friday to try to clear up any confusion.
Victor did not have any major concerns regarding Paragraph 2 and 3. But, deferred to you for Paragraph 4.
If the "Use of Proceeds" section is not acceptable please let me know by **noon**. So that I may take action to seek a new Directive and the timing is very tight given our Ministers' vacation schedule.

Thanks,

Will

From: William Tan
Sent: Friday, July 21, 2017 2:25 PM
To: 'Victor Buza' <Victor.Buza@ieso.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Kelly Listoe <Kelly.Listoe@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility - Amending Agreement 10

Hello Victor,

We apologize for the delay in replying back on the draft amending agreement. The proposed change regarding the Use of Proceeds required internal discussions to work through the proposed wording. I will send you a revised mark-up next week, but would ask if IESO is able to agree to the following key items:

Paragraph 4 -USE OF PROCEEDS:
Would IESO be able to agree the following addition to IESO's proposed "Use of Proceeds":

*"The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the Electricity Act, 1998, as such regulation may be amended or replaced from time to time**, provided that Advances may be used only for liquidity***

purposes."

Our current Ministerial Directive provides that advances under the facility may only be used for liquidity purposes, and hence we would prefer to include the qualification.
If this is not acceptable, would you please let us know **by Monday**, as we would need to seek a new Directive, and the timing is very tight given our Minister's vacation schedule.

Paragraph 2
This language should revert back to the original language:

"2. On the date of this Amending Agreement and prior to any further Advances under the Credit Agreement, the IESO shall execute and deliver to the OFA a new grid promissory note in the principal amount of up to $475,000,000 substantially in the form of the grid note attached hereto and indicating a total principal amount of Advances Outstanding to date of $114,383,131 .40. "

Schedule 3 is the Form of Grid Note to be delivered. The actual grid note is a separate document (adhering to the form of the Grid Note attached in the Schedule, signed and delivered on the effective date of the Amending Agreement prior to any further Advance). Because the Grid Note is updated with each Advance, if it forms part of the Agreement as a Schedule, each update would have to be treated as an amendment. This is not consistent with how the OFA administers its loans and is not consistent with how the OPA/IESO loans have been administered.

Paragraph 3
This has been reverted back to the OFA's original drafting because OFA will not cancel the existing Grid Note until we receive the new one Grid Note is received.
"3. Upon receipt of the new grid promissory note, the OFA will cancel and return the grid promissory note dated November 30, 2016 to the IESO."

Thanks,

Will

From: Victor Buza [mailto:Victor.Buza@ieso.ca]
Sent: Friday, July 07, 2017 3:08 PM
To: William Tan <William.Tan@ofina.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Here is the Clean version which I somehow neglected to attach to the previous email of a few minutes ago – apologies for any inconvenience.
Victor

From: Victor Buza
Sent: July 07, 2017 3:01 PM
To: 'William Tan'; Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara
Subject: RE: IESO : OFA new FH credit facility

Hello all. Please find attached IESO's markup of Amending Agreement #10, together with a clean version.

If you have any questions, please feel free to call me at your convenience at the number below.

Regards,
Victor

Victor Buza | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6079
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: www.ieso.ca[ieso.ca][na01.safelinks.protection.outlook.com] | Twitter: IESO_Tweets[twitter.com][na01.safelinks.protection.outlook.com] | LinkedIn: IESO[linkedin.com][na01.safelinks.protection.outlook.com]

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From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 27, 2017 10:52 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir; Bruno Amara; Victor Buza
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached Amending Agreement 10. If comments for the FHP Credit Facility is not possible this week, would it be possible to have the Amending Agreement 10 signed along with an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy) first? This is necessary to reduce the existing credit facility from $975 million to $475 million to eliminate duplicate credit needs.

Thanks,

Will

From: William Tan
Sent: Tuesday, June 27, 2017 10:35 AM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>

Cc: 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: IESO : OFA new FH credit facility

Good morning Anthony,

As part of our update for the Amending Agreement 10 and new FHP Credit Facility we will require an updated Resolution of the Board of Directors, Certificate of Incumbency and Delegation of Authority (IESO Statement of Policy). Please find the attached Certificate of Incumbency and Delegation of Authority/Statement of Policy as an example. (Delegation of authority outlines responsibilities and level of signing authority). If you have any questions my contact information is on my signature below.

Thanks,

Will

From: William Tan
Sent: Friday, June 23, 2017 5:45 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

Please find the attached draft FHP IESO OFA Credit Facility Agreement. Please review and provide your comments. The draft Amending Agreement 10 will follow on Monday.
Have a great weekend.

Will

From: William Tan
Sent: Wednesday, June 21, 2017 3:17 PM
To: 'Anthony.Martinello@ieso.ca' <Anthony.Martinello@ieso.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; 'Victor.Buza@ieso.ca' <Victor.Buza@ieso.ca>
Subject: FW: IESO : OFA new FH credit facility

Hello Anthony,

Currently the credit facility agreement is being reviewed by OFA legal for review and comment. Once the recommended changes have been made the draft is then reviewed by MOF legal for review and comment. I expect to have the agreement to you early next week.

Thanks,

Will

From: Anthony Martinello [mailto:Anthony.Martinello@ieso.ca]
Sent: Wednesday, June 21, 2017 11:25 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Victor Buza <Victor.Buza@ieso.ca>
Subject: RE: IESO : OFA new FH credit facility

William - any update? Regards.

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 14, 2017 4:02 PM
To: Anthony Martinello
Cc: Sarah Harris; Salman Qadir
Subject: RE: IESO : OFA new FH credit facility

Hello Anthony,

We will be sending the legal documents early next week.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: John Kim
To: Tobias P. Whitfield (MOF)
Cc: Sarah Neville; Lisa Stein; William Tan; Anna Strathy
Subject: Re: IESO credit facility
Date: Friday, October 20, 2017 10:20:42 AM

Let's have a quick meeting. I think something is lost in the email messaging.

Sent from my iPhone

On Oct 20, 2017, at 10:14 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:

> I agree that Sarah's question is an important one. What is the purpose of the security interest? I didn't know that the Trust was going to be a creditor of IESO?
>
> Is there some background on that issue?
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> ---
>
> **From:** Sarah Neville [mailto:Sarah.Neville@ofina.on.ca]
> **Sent:** October 20, 2017 10:13 AM
> **To:** Stein, Lisa (OFA); Kim, John (OFA); Tan, William (OFA)
> **Cc:** Strathy, Anna (OFA); Whitfield, Tobias P. (MOF)
> **Subject:** RE: IESO credit facility
>
> I agree with Lisa re intercept.
>
> As a sidebar, not an OFA issue and way beyond my expertise, but is there any concern/discussion that the Trust, if given a first priority over ALL the asset of the IESO could potentially enforce a security interest and liquidate a significant entity responsible for overseeing the supply of electricity into Ontario? Is anyone weighing in on this question -IESO/MOE?
>
> Sarah
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, October 20, 2017 10:02 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Subject: RE: IESO credit facility

If the IESO gives the Trust a 1st priority over all IESO assets, it follows that the intercept provisions as drafted in the proposed credit facility agreement will not work. This further strengthens the case for a directive.
I've copied Toby from MOF Legal as a heads up.

Lisa

From: John Kim
Sent: Friday, October 20, 2017 8:08 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Hi,

Pls. take a look at this once again and let me know if you have any comments. Thus far, IESO has not provided any edits but seem to be indicating that they are getting close to being prepared to sign.

IESO has indicated the following and I will ask you to give it some thought:

"DRAFT - The Trust is looking for the IESO to give a 1st priority/security over all IESO assets including accounts receivables in favour of the Trust. This item is being discussed amongst all parties. If this proceeds, the IESO will have to amend/restructure its current credit facilities with TD Bank, OFA, and OEFC as all are unsecured pari-passu."

Thanks,

John

From: John Kim
Sent: Friday, October 06, 2017 10:16 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: FW: IESO credit facility

Partial good news on Energy's side.

I will reach out to Anthony again to nudge things along on IESO side.

John

From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
Sent: Friday, October 06, 2017 10:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: IESO credit facility

John,

I can now confirm that we are comfortable with the wording of the IESO intercept letter agreement (subject to the very minor revisions illustrated in the attached draft).

I am still working to determine who will sign for Energy and I'll let you know shortly.

Tom.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 27, 2017 11:50 AM
To: McKinlay, Tom (MAG)
Subject: RE: IESO credit facility

Hi Tom,

Just following up on this one. Let me know pls. if it would be timely for us to follow up with your client at Energy.

Thanks,

John

From: John Kim
Sent: Monday, September 25, 2017 2:03 PM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: RE: IESO credit facility

My apologies….this email was sent to the wrong address.

From: John Kim
Sent: Thursday, September 21, 2017 11:42 AM
To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>

Subject: IESO credit facility

Hi Tom,

Pls. see attached draft letter agreement to get the discussion going. I believe you saw the short briefing note Ron shared with Steen on Tuesday.

We are available for a chat today to address any questions or comments.

Thanks,

John

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

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From: John Kim
To: Sarah Harris
Cc: William Tan; Ryan Blackbyrne; Lisa Stein; Jean-Francois Beaupre; Opal Kandelas; Gavin He
Subject: Re: IESO granting of security on ieso assets to opg trust
Date: Monday, November 13, 2017 11:25:32 AM

Hi Sarah,

We will have a call with Anthony tomorrow. Until we sort this out, it would be helpful if no additional contacts are made.

Thanks.

John

Sent from my iPhone

On Nov 13, 2017, at 10:33 AM, Anthony Martinello <Anthony.Martinello@ieso.ca> wrote:

> Ryan, Will, John
>
> The IESO will be seeking IESO Board approval on Nov 22 to grant the security/priority on ieso assets to the OPG trust.
>
> Let me know if you wish to discuss...i would like to give the Board any comments that OFA and OEFC may have on this granting. Regards
>
> ---
>
> **From:** William.Tan@ofina.on.ca
> **Sent:** November 6, 2017 4:14 PM
> **To:** Victor.Buza@ieso.ca
> **Cc:** Lisa.Stein@ofina.on.ca; Sarah.Harris@ofina.on.ca; Anthony.Martinello@ieso.ca; John.Kim@ofina.on.ca
> **Subject:** RE: Signatures for FHP and Amending Agreement No. 10
>
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From: Whitfield, Tobias P. (MOF)
To: Gavin He; Lisa Stein
Cc: Bruno Amara; Salman Qadir
Subject: Re: IESO-OFA - FHP Line of Credit Facility Directive
Date: Tuesday, June 27, 2017 6:16:43 PM

Gavin,

Michael is away so Malle will be signing. I am in the office most of the day tomorrow, but will coordinate with Malle and let you know in the morning what her schedule looks like.

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Gavin He
Sent: Tuesday, June 27, 2017 5:56 PM
To: Stein, Lisa (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Salman Qadir
Subject: RE: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Toby,

We have finalized the IESO credit facility package and I will provide you with the package tomorrow for signatures.

Toby – could you please let me know what time I can come in tomorrow for Michael's sign-off?

Thanks,
Gavin He

From: Gavin He
Sent: Monday, June 26, 2017 9:50 AM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: IESO-OFA - FHP Line of Credit Facility Directive

Hi Lisa/Malle,

As part of the Fair Hydro Plan implementation, IESO has requested a revolving credit facility from the OFA to support its role in the implementation and participation under the FHP. CEFD has put together the attached approval package. Could you please review and provide us with your comments as soon as possible?

Please let me know if you have any questions.

Thanks,
Gavin He

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From: John Kim
To: Lisa Swin
Cc: William Tan ; Sarah Ha ; Lisa Dale
Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
Date: Tuesday, October 31, 2017 2:18:07 PM

I am in a meeting now, so will call you when I come out

Sent from my iPad

On Oct 31, 2017, at 2:07 PM, Sarah Harris <Sarah.Harris@ieso.on.ca> wrote:

> Hi John,
>
> I will give you a call.
>
> Sarah
>
> -----Original Message-----
> From: Lisa Swin
> Sent: Tuesday, October 31, 2017 2:00 PM
> To: John Kim <John.Kim@ieso.on.ca>
> Cc: William Tan <William.Tan@ieso.on.ca>; Sarah Harris <Sarah.Harris@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> The new FHP credit facility agreement will be executed and effective prior to AA#10. AA#10 will be effective November 22, 2017 (to allow it to be executed at the same time as the other agreements). I have had discussions about this matter with Sarah and Will, so I will defer to them to explain the operational details.
>
> -----Original Message-----
> From: John Kim
> Sent: Tuesday, October 31, 2017 1:58 PM
> To: Lisa Swin <Lisa.Swin@ieso.on.ca>
> Cc: William Tan <William.Tan@ieso.on.ca>; Sarah Harris <Sarah.Harris@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi Lisa,
>
> I don't know how that works out logistically. These guys are going to run out of room in the November draw (i.e. not able to digest the November amount). If we need to bring down the existing first before the FHP use, then we are caught short based on the anticipated November draw….what are your thoughts then?
>
> The existing one is already 800M+ drawn, how would we put the balance somewhere to draw it down then set up the new one? I could be missing something so pls. let me know.
>
> John
>
> -----Original Message-----
> From: Lisa Swin
> Sent: Tuesday, October 31, 2017 1:55 PM
> To: John Kim <John.Kim@ieso.on.ca>
> Cc: William Tan <William.Tan@ieso.on.ca>; Sarah Harris <Sarah.Harris@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> No - the amount of the existing facility needs to be reduced first.
>
> -----Original Message-----
> From: John Kim
> Sent: Tuesday, October 31, 2017 1:54 PM
> To: Lisa Swin <Lisa.Swin@ieso.on.ca>
> Cc: William Tan <William.Tan@ieso.on.ca>; Sarah Harris <Sarah.Harris@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Why November 22?
>
> Wouldn't it be effective right away?
>
> -----Original Message-----
> From: Lisa Swin
> Sent: Tuesday, October 31, 2017 1:53 PM
> To: John Kim <John.Kim@ieso.on.ca>
> Cc: William Tan <William.Tan@ieso.on.ca>; Sarah Harris <Sarah.Harris@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi John,
>
> Just so that everyone is on the same page, Amending Agreement number 10 was sent to IESO for review this morning. It has an effective date of November 22, 2017.
>
> Thank you,
>
> Lisa
>
> -----Original Message-----
> From: John Kim
> Sent: Tuesday, October 31, 2017 1:49 PM
> To: Victor Buzz <Victor.Buzz@ieso.on.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Sure, pls. use that. Could we ensure that we have the right version? This is the latest I have.
>
> Also, we should consider the amendment happening after the letter agreement. Is that everyone's understanding?
>
> -----Original Message-----
> From: Victor Buzz [mailto:Victor.Buzz@ieso.on.ca]
> Sent: Tuesday, October 31, 2017 1:42 PM
> To: John Kim <John.Kim@ieso.on.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Just to be clear, John, I am asking in part because, as part of producing final docs for signing, I would like to ensure that the language in the Intercept Letter is consistent with the Intercept clause in the credit agreements.
> Victor
>
> -----Original Message-----
> From: John Kim [mailto:John.Kim@ieso.on.ca]
> Sent: October 31, 2017 12:57 PM
> To: Victor Buzz
> Cc: Lisa Swin; Anthony Martinello; Michael Bolf; Gavin He; Tom McKinlay (MAG)
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi Victor,
>
> While I can't anticipate if there might be additional comments or not, we are ready to proceed to signing.
>
> John
>
> -----Original Message-----
> From: Victor Buzz [mailto:Victor.Buzz@ieso.on.ca]
> Sent: Tuesday, October 31, 2017 12:09 PM
> To: John Kim <John.Kim@ieso.on.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi John - just following up on your comments from yesterday morning - is the Intercept Letter now considered final by OFA?
> Victor
>
> -----Original Message-----
> From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
> Sent: October 30, 2017 11:48 AM
> To: Kim, John (OFA); Victor Buzz
> Cc: Swin, Lisa (OFA); Anthony Martinello; Michael Bolf; He, Gavin (OFA)
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> We were fine with the most recent draft. So assuming it doesn't change materially I think we are ready to sign.
>
> Tom
>
> From: John Kim [John.Kim@ieso.on.ca]
> Sent: Monday, October 30, 2017 11:13 AM
> To: Victor Buzz; McKinlay, Tom (MAG)
> Cc: Swin, Lisa (OFA); Anthony Martinello; Michael Bolf; He, Gavin (OFA)
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Thanks Victor. On #2, OFA's internal discussions are coming to an end is my understanding.
>
> Tom, just wondering how things are on your side.
>
> On the #1 and #3, once #2 gets done, it would be taken care by my colleagues at the OFA, I believe.
>
> From: Victor Buzz [mailto:Victor.Buzz@ieso.on.ca]
> Sent: Monday, October 30, 2017 11:07 AM
> To: John Kim <John.Kim@ieso.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; Anthony Martinello <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi John. I believe Anthony will be touching base with OFA on certain issues. Separate from that, in terms of the status of the documents, this is where things currently stand as I understand it:
>
> (i) On Friday afternoon, I sent back to OFA a markup of the draft FHP Credit Agreement, mostly to conform the Intercept language in the Credit Agreement with that in the Intercept Letter itself - so we will need to see a revised version of this document;
>
> (ii) Intercept Letter - I understood that there were still some internal reviews going on concerning the most recent draft, so I am not sure if we have seen a final version of this document;
>
> (iii) Existing Credit Agreement - we have not received a revised version of this agreement showing the insertion of the Intercept language and the additional permitted liens language - I understand that is expected to be available soon.
> Victor
>
> From: John Kim [mailto:John.Kim@ieso.on.ca]
> Sent: October 30, 2017 8:30 AM
> To: Tom McKinlay (MAG); Victor Buzz
> Cc: Lisa Swin; Anthony Martinello; Michael Bolf; Gavin He
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi all,
>
> I am anticipating on our side being ready today to get the signature.
>
> Just doing a quick check to see that everyone is ready. Please advise if any last minute comments.
>
> Thanks,
>
> John
>
> From: John Kim
> Sent: Wednesday, October 25, 2017 5:23 PM
> To: Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; 'Victor Buzz' <Victor.Buzz@ieso.on.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Ok, thanks Tom.
>
> I do anticipate some additional discussion on our side as well between Ron and Gadi.
>
> John
>
> From: McKinlay, Tom (MAG) [mailto:Tom.McKinlay@ontario.ca]
> Sent: Wednesday, October 25, 2017 4:01 PM
> To: John Kim <John.Kim@ieso.on.ca>; 'Victor Buzz' <Victor.Buzz@ieso.on.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> No, there isn't a 'the'.
>
> I'll send this version up and let you know if we have any concerns.
>
> Tom.
>
> From: John Kim [mailto:John.Kim@ieso.on.ca]
> Sent: October 25, 2017 2:48 PM
> To: Victor Buzz; McKinlay, Tom (MAG)
> Cc: Swin, Lisa (OFA); 'Anthony Martinello'; 'Michael Bolf'; He, Gavin (OFA)
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi,
>
> Pls. have a look at the latest and let us know if you have any comments.
>
> Just a minor question. Is there a "the" in front of the Ontario Climate Change Solutions Deployment Corporation?
>
> Could we all have a final look and consult in respective shops?
>
> Thanks,
>
> John
>
> From: John Kim
> Sent: Wednesday, October 25, 2017 10:25 AM
> To: 'Victor Buzz' <Victor.Buzz@ieso.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Thanks Victor.
>
> We anticipate circulating a version with the formatting today.
>
> From: Victor Buzz [mailto:Victor.Buzz@ieso.on.ca]
> Sent: Tuesday, October 24, 2017 5:18 PM
> To: John Kim <John.Kim@ieso.on.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
> Cc: Lisa Swin <Lisa.Swin@ieso.on.ca>; 'Anthony Martinello' <Anthony.Martinello@ieso.on.ca>; Michael Bolf <Michael.Bolf@ieso.on.ca>; Gavin He <Gavin.He@ieso.on.ca>
> Subject: RE: Intercept letter agreement IESO MOE OFA Sept 2017-rev_MarkupsClean_EnergyEdits_OFA IESO Edits Oct 24_v2.docx
>
> Hi John.
>
> 1. The changes made are acceptable except for those made to the penultimate paragraph - please amend this para to read as follows:
>
> For further certainty, the OFA and ENERGYY acknowledge and agree that the intercept provision as provided for herein, and this letter agreement generally, shall not apply with respect to any funds appropriated by the Legislature for payment to the IESO through ministries other than ENERGY or through Ontario Climate Change Solutions Deployment Corporation.
>
> 2. Re the "[Energy to confirm]" comment, we are ok with the sentence as written and don't need to confirm anything further.
>
> 3. Kimberly Marshall would sign the Intercept Letter on behalf of IESO.
>
> Victor
>
Victor Buzz | Senior Counsel
Independent Electricity System Operator (IESO) | T: 416-969-6879
1600-120 Adelaide Street West, Toronto, ON M5H 1T1
Web: https://na01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.ieso.ca%2F&data=02%7C01%7CVictor.Buzz%40ieso.ca%7C3a8d0f4919fde49cd08c4208d5216ee0bb%7C2777c4f2da4f4f1f9f4e9ca9f0ff2f6b%7C0%7C0%7C636447000000000000&sdata=Ge%2BSbuBL%2BqE2CD%2Bnevered-3D0-2Bieso.ca-5D-2Bstaff.safelinks.protection.outlook.com-2Fdc3bd2bd2ad2ab2e5c92ef-2Dca4ab4af4f4f1f9f4e9ca9f0ff2f6b%2Fca_staff%40IESO%2Dca%2Dstaff%2Dca%2Dstaff%2Dca%2Dstaff

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: John.Kim@ofina.on.ca <mailto:John.Kim@ofina.on.ca>
Ph: 416-212-6996

_____

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From: John Kim
To: Ken Kandeepan
Cc: Lisa Stein; Sarah Harris; William Tan; Anna Strathy; Sarah Neville
Subject: Re: Intercept provision
Date: Saturday, October 14, 2017 12:35:52 PM

Hi Ken,

The challenge with OPG is separate from the ieso. I will provide in detail when I get home later this afternoon.

John

Sent from my iPhone

On Oct 14, 2017, at 11:40 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Thanks, given that the Green ON Fund is outside the CRF I don't believe our intercept has any impact on the Fund's grants (if any) to the IESO. Also given that the Province has no appropriated amounts in in its estimates to IESO, either now or contemplated for the future, the existence of the intercept or its removal by the Ministerial fiat is from a practical perspective one and the same.
>
> As such I am wondering why OPG believes this is an issue for their ratings process since subrogation to the Province arising from the intercept is limited to Provincial funds flowing to IESO which as I have pointed out above are non-existent.
>
> Having said that OPG may be concerned that it would be difficult to explain the above to DBRS who may fail to see the distinction between an intercept aimed at these non-existent appropriation funds and something that is more general on the IESO's revenues. In which case the only option available is for the Minister to exempt this particular credit facility from the policy's intercept provisions.
>
> Thanks and happy to discuss.
>
> Ken K
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Thursday, October 12, 2017 3:31 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
> **Subject:** RE: Intercept provision
>
> Hi John,

If I understand your question correctly, the answer is that the Ministry of Environment and Climate Change (MOECCC) is not required to be a party to the FHP credit facility intercept MOU/letter agreement. The letter agreement is intended to be between the "responsible ministry" (in this case Ministry of Energy (MOE)) and the public body (in this case IESO).

The intercept would apply to money appropriated by the Legislature for "payment to the public body". Therefore, money appropriated by the Legislature for payment to a different ministry, a different public body, or to MOE (or an agency of MOE, etc.) for a program *unrelated* to the IESO, would not be caught by the intercept.

I've included an excerpt below which should be helpful in this regard. Please let me know if you would like to discuss further.

Lisa

Excerpt from OFA Lending Policy (emphasis added):

Pursuant to section 23 of the *Capital investment Plan Act* and prior to any loan agreement entered into between the OFA and a public body, such public body and its responsible ministry are to agree that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the public body amounts equal to any amounts that the public body fails to pay to the OFA on account of indebtedness under its loan agreement with the OFA. In addition, the public body is to agree that any notice from the OFA to the Minister of Finance in relation to its failure to pay under its loan agreement may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance.

From: John Kim
Sent: Thursday, October 12, 2017 3:01 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Intercept provision

Hi Sarah, Lisa,

I have a request for a legal interpretation of the OFA Lending Policy.

The OFA Lending Policy as we currently have it, does it provide for a requirement [of the MOU/the letter agreement we have drafted] other than one ministry responsible

for the public body? The way I read the policy, I believe there should be one Ministry that provides oversight of the public body.

This morning, at a meeting, IESO representative raised the issue of their managing the government's implementation of Green ON Fund (?). I am presuming that the same type of arrangement applies for this program as the Energy's program, i.e. no appropriation for IESO's operation, and this is TBD but would like to know how implementation of such a program funded by another ministry would factor into what we are looking to do.

The purpose of the question is to entertain whether the MOU/the letter agreement needs to include MOECC or not. I don't think so but would appreciate your assessment.

Thanks,

John

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

From: Hanslep, Malle (MOF)
To: Lisa Stein; Anthony Golding (MOF)
Cc: Khalid, Maryam (MOF); Tobias P. Whitfield (MOF)
Subject: Re: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 4:38:24 PM

Hi Lisa

Perhaps we, can discuss it next week. It may be because this particular agreement is based on an existing agreement with the OPA. Copying Toby here because he has been working on the FHP

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Lisa Stein
Sent: Friday, July 28, 2017 16:25
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Malle,

This specific question is in relation to a loan to the IESO (FHP credit facility agreement). My clients from Capital Markets are Sarah Harris, William Tan, Kelly Listoe. I had planned to ask them about the context for the previous removal of these clauses but wanted to first see if MOF had any insight. Please let me know if you would like to set up a call to discuss?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 3:24 PM
To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I'm not aware of any recent discussion on this topic, but is it in relation to specific loans that the OFA is making. Who in Capital Markets were you speaking to? Thanks.

Malle

From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
To: Stein, Lisa (OFA)
Cc: Hanslep, Malle (MOF); Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

Best,
Tony

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
Subject: Loan agreement question re limit on rate of interest

Hi Maryam and Tony,

I would like to request your opinion on the following drafting matter re: loan agreements. I have been advised by Capital Markets staff that the following language has been removed from OFA debt documentation:

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the Borrower shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From: Hanslep, Malle (MOF)
To: Lisa Stein; Anthony Golding (MOF)
Cc: Khalid, Maryam (MOF); Tobias P. Whitfield (MOF)
Subject: Re: Loan agreement question re limit on rate of interest
Date: Friday, July 28, 2017 4:54:04 PM

Also it might quite unlikely that the OFA would be charging such a high interest rate.

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Lisa Stein
Sent: Friday, July 28, 2017 16:49
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Thanks Malle. In the meantime, I've also sent an inquiry to the program area.

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 4:36 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anthony Golding (MOF) <Anthony.Golding@ontario.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Re: Loan agreement question re limit on rate of interest

Hi Lisa

Perhaps we, can discuss it next week. It may be because this particular agreement is based on an existing agreement with the OPA. Copying Toby here because he has been working on the FHP

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Lisa Stein
Sent: Friday, July 28, 2017 16:25
To: Hanslep, Malle (MOF); Golding, Anthony (MOF)
Cc: Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Malle,

This specific question is in relation to a loan to the IESO (FHP credit facility agreement). My clients from Capital Markets are Sarah Harris, William Tan, Kelly Listoe. I had planned to ask them about the context for the previous removal of these clauses but wanted to first see if MOF had any insight. Please let me know if you would like to set up a call to discuss?

Thanks,

Lisa

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Friday, July 28, 2017 3:24 PM

To: Anthony Golding (MOF) <Anthony.Golding@ontario.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: Khalid, Maryam (MOF) <Maryam.Khalid@ontario.ca>
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I'm not aware of any recent discussion on this topic, but is it in relation to specific loans that the OFA is making. Who in Capital Markets were you speaking to? Thanks.

Malle

From: Golding, Anthony (MOF)
Sent: July 28, 2017 3:07 PM
To: Stein, Lisa (OFA)
Cc: Hanslep, Malle (MOF); Khalid, Maryam (MOF)
Subject: RE: Loan agreement question re limit on rate of interest

Hi Lisa,

I wasn't aware of these anti-criminal rate of interest clauses being removed but have copied Malle in case she is aware of any advice from MOF LSB on the topic.

Best,
Tony

From: Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
Sent: July-28-17 12:05 PM
To: Khalid, Maryam (MOF); Golding, Anthony (MOF)
Subject: Loan agreement question re limit on rate of interest

Hi Maryam and Tony,

I would like to request your opinion on the following drafting matter re: loan agreements. I have been advised by Capital Markets staff that the following language has been removed from OFA debt documentation:

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the Borrower shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together will all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Do you know if this was based on MOF Legal advice? Do you have any background regarding this change? Do MOF loan precedents still contain such language?

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority

416-325-2320

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****

From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: Re: OFHP OFA Prom note (draft)
Date: Monday, June 19, 2017 4:02:13 PM

Will call in 5 min

Sent from my iPhone

On Jun 19, 2017, at 3:37 PM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:

> Yes – I saw you just called but am on the phone – should be done shortly. How about 4?
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> ---
>
> **From:** Lisa Stein [mailto:Lisa.Stein@ofina.on.ca]
> **Sent:** June 19, 2017 3:34 PM
> **To:** Whitfield, Tobias P. (MOF)
> **Subject:** RE: OFHP OFA Prom note (draft)
>
> Hi Toby,
>
> Are you available for a call this aft?
>
> Thank you,
>
> Lisa
>
> ***Lisa N. Stein***
> Legal Counsel
> Ontario Financing Authority
> 416-325-2320
>
> **********
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> **********
>
> ---
>
> **From:** Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]

Sent: Monday, June 19, 2017 3:30 PM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: OFHP OFA Prom note (draft)

Hi Will,

Do you have a blackline of this Promissory Note against the existing note?

Thanks
Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

From: William Tan [mailto:William.Tan@ofina.on.ca]
Sent: June 19, 2017 10:20 AM
To: Whitfield, Tobias P. (MOF)
Cc: Hanslep, Malle (MOF); Harris, Sarah (OFA); Stein, Lisa (OFA)
Subject: FW: OFHP OFA Prom note (draft)

Hello Tobias,

I understand that you are familiar with the IESO Directive. May I ask you to review and comment on the OFHP OFA Promissory Note?

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Whitfield, Tobias P. (MOF)
To: Sarah Harris; Lisa Stein
Cc: William Tan
Subject: Re: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Date: Friday, June 23, 2017 8:37:30 AM

Thanks. I will review this in the am and get comments to you asap.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON, M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456
From: Sarah Harris
Sent: Friday, June 23, 2017 1:06 AM
To: Stein, Lisa (OFA)
Cc: Whitfield, Tobias P. (MOF); Tan, William (OFA)
Subject: RE: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc

Hi Lisa,

Thanks very much for your draft.

Please find attached our comments and changes (including simplifying the comments). For your reference, I've also done a pure blackline comparison against your last version.

We've accepted a lot of your changes and highlight the following remaining issues and changes:

- "Subsidiaries" - we would like to include all references to subsidiaries, as it was deliberately included in the other 2010 IESO-OEFC Credit Facility. We've also included the definition of "Material Subsidiary", which should have been included, as it was in the 2010 Credit Facility

- (ACTION REQUIRED - TOBY) Section 2.2 – Changes accepted, however, Toby to confirm Reg. 280/14 reference? Also, IESO to confirm reference to "short to medium" term.

- (ACTION/DECISION REQUIRED -LISA) Section 3.3 – Does this language actually need to be amended any further? It was based on the language of amending agreement #9 of the original $975m OPA-OFA Credit Facility agreement.

- Section 3.5 – Included the words "a Material Subsidiary" in respect of the MAC clause, per your suggestion

- Original Section 4.1 – Deleted section per your comment, as it is redundant. Section 4 numbering has been re-numbered along with any corresponding references in the agreement.

- "New" Section 4.1 – Keep reference to 7.1, as we prefer to keep this reference, which was also in 2010 IESO-OEFC Credit Facility

- (DECISION REQUIRED – LISA/SARAH) Newly renumbered Section 4.2 – Maintenance of Properties – Would like to discuss with you directly, as this is a little ambiguous role of OFA vs. Province.

- Newly renumbered Section 4.7 – Have included timeframe as “promptly”, per you suggestion of a timeframe

- Original Section 5.1(c) – deleted section as was redundant and referenced the now deleted original section 4.1 (per above). As a result of deletion, references (d), (e), (f), (g), and (h) under section 5.1 have been renumbered

- Section 7.1 –We would like to include section, as it was included in 2010 OEFC-IESO credit facility. Corresponding reference in Section 4.1 should be kept.

I note below that you requested that we do another Documentation/OFA Legal turn before review by LSB, but given the urgent timeframe, and the very few remaining material issues, I thought it prudent to let Toby view what is a relatively final form in substance, so he can flag any major issues from an FHP perspective. Since the agreement must be executed by end of next week and IESO has not yet seen the draft, I am hoping we can strive to get this to IESO by end of day (Friday) to allow sufficient time for IESO to review and provide comments on the draft ASAP early next week..

Thanks,
Sarah

From: Lisa Stein
Sent: Thursday, June 22, 2017 11:17 AM
To: Sarah Harris <Sarah.Harris@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: OFHP_IESO_OFA Credit Agreement (DRAFT) v5-OFA Legal.doc
Importance: High

Hi Sarah and William,

Please see my and suggested amendments on the attached. Please review and prepare an additional black-lined version for further OFA Legal review (prior to sending to MOF Legal). There are a number of areas that I’ve identified that require further drafting/consideration.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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From: Lisa Stein
To: William Tan
Cc: Sarah Harris
Subject: Re: Policy question re OFHP Credit Facility Agreement
Date: Tuesday, August 08, 2017 9:39:41 AM

I've already prepared a draft with intercept language.

Sent from my iPhone

On Aug 8, 2017, at 9:13 AM, William Tan <William.Tan@ofina.on.ca> wrote:

> Good morning all,
>
> I will check with Ken and Mike this time morning around 10am if they have not weighed-in. (I am currently reviewing CIPA s. 23 and the relevant section of the Lending Policy). If Mike and Ken requires an explanation further than what's below, I may have to defer to you Lisa.
> Lisa, once Ken and Mike weighs-in, will we need and will you be drawing up the intercept language? If yes, how long will that take approximately? (if any impact at all, dramatic new language, another round of reviews, how long to draw up etc.)
> How will the reply from Ministry and Energy & IESO impact our agreement? (if any impact at all, dramatic new language, another round of reviews, how long to draw up etc.)
>
> Thanks,
>
> Will
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Friday, August 04, 2017 3:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Subject:** RE: Policy question re OFHP Credit Facility Agreement
>
> Thank you. I agree that Ken and Mike should weigh in before we proceed.
>
> Lisa
>
> ---
>
> **From:** John Kim
> **Sent:** Friday, August 04, 2017 3:42 PM

To: William Tan <William.Tan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hi Lisa, William,

I am OK as long as the proposed approach is consistent with OFA's lending policy and practices. We have generally not opined on the details of the lending agreement, as we have been communicating.

I do want to copy Ken and Mike to ensure that they are onside, as well.

Thanks,

John

From: William Tan
Sent: Friday, August 04, 2017 3:24 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Hello Bruno and John,

If you wish, I can arrange a call between legal and CEFD today.

From: Lisa Stein
Sent: Friday, August 04, 2017 2:36 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
Subject: Policy question re OFHP Credit Facility Agreement
Importance: High

Hi Bruno and John,

I have some additional information pertaining to the structure of the OFA loan to IESO

re: OFHP. While this information adds context, it doesn't address the policy question of whether an unsecured loan is appropriate (based on the extent of the insolvency risk) for this regulatory asset.

The current draft FHP Credit Facility Agreement is consistent with the OFA Lending Policy (last revised and approved April 16, 2010 – *status TBC*), which provides that except where otherwise directed by the Minister of Finance, Treasury Board or Cabinet, the OFA will generally lend on an unsecured basis (apart from the intercept provision) in respect of loans made by the OFA to public bodies (IESO is a public body for the purposes of CIPA). As such, the structure of this loan is consistent with the Policy (subject to my note below re: intercept provision). In my review of the supporting policy documentation, including the LRC minute, I didn't see any reference to a secured lending structure and I don't believe that there is any direction requiring this to be a secured loan. That being said, I query whether OFA CEFD staff are comfortable with this approach (see below).

In terms of the intercept provisions, which are required pursuant to s. 23 of CIPA, I have asked Toby from MOF Legal if they are aware of any agreement between the Ministry of Energy and the IESO agreeing that the Minister of Finance is entitled to deduct from money appropriated by the Legislature for payment to the IESO amounts equal to any amounts that the IESO fails to pay to the OFA on account of indebtedness under this loan agreement (as required by CIPA)? Are you aware of any such agreement? However, even if there were such an agreement in place, it is unclear to whether adding intercept provisions to the credit facility agreement, will provide further comfort. I plan to discuss this matter further with MOF Legal.

Based on the foregoing (and pending any additional information that Toby may obtain from his discussions with the Ministry of Energy), I defer the following question to CEFD staff:

> **Are you comfortable with the current structure of this loan as an unsecured loan (and the risk that this may entail)?** This decision ultimately needs to be made by business/policy people.
>
> <!--[if !supportLists]-->• <!--[endif]-->**If yes,** the next draft of the agreement will be available in the next day or so to send to IESO for review. I will work with MOF Legal to draft/leverage intercept provisions to mitigate this risk (as far as possible, based on the foregoing). We are also working on the permitted liens, *pari passu* and negative pledge provisions of the draft agreement, as previously discussed.
>
> <!--[if !supportLists]-->• <!--[endif]-->**If no,** additional Ministerial/TB direction, and a new legal agreement (likely with the assistance of external legal counsel) will be required. This will take additional time.

Please do not hesitate to contact me if you would like to discuss further.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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****

From:	Ken Kandeepan
To:	Bruno Amara
Cc:	Sarah Harris; Lisa Stein; Mike Manning; Opal Kandelas; Tobias P. Whitfield (MOF); William Tan; John Kim; Gavin He
Subject:	Re: Policy questions re OFHP Credit Facility Agreement
Date:	Wednesday, August 09, 2017 1:54:04 PM

Totally agree with Bruno, the province should not be taking a security intent in the reg asset, that would make the sale to the SPV or trust rather difficult.

It would also create issues in terms of the SPV's ability to obtain an appropriate credit rating as well as issue debt in the capital markets.

Thanks

Ken k

Sent from my iPhone

On Aug 9, 2017, at 1:46 PM, Bruno Amara <Bruno.Amara@ofina.on.ca> wrote:

> Hi Sarah
>
> Apologies for delay. I perceive differing levels of comfort with the issue of security so I'm OK with discussing the questions raised this afternoon. I am concerned whether we have people on the call that can answer all the questions.
>
> But I have a basic question with respect to the issue of the Province taking a security interest in the asset and differences with this loan from others. Under the OFHP, the sale of the asset ultimately allows for payments to electricity generators. If the Province has a security interest in the asset, can we envisage a potential situation wherein the IESO would be repaying the OFA loan rather than paying generators, which would be problematic for OFHP?
>
> I had discussed with Ron. In regard to Toby's last question, Ron was wondering if there might be a provision on use of proceeds from IESO's sale of the regulatory asset.
> Ron had also asked whether OPCD had opined on any accounting issues, and whether OIC or Minister's directive gave any particular direction on this issue. In regard to the latter, I have checked. Minister's directive and OIC were fairly high level noting specific terms and conditions to be set out in the Agreement.
>
> Bruno
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Wednesday, August 09, 2017 10:58 AM
> **To:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara

<Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: RE: Policy questions re OFHP Credit Facility Agreement

Thank you Sarah. I should add that under the OFA Lending Policy, the intercept provision (and accompanying MOU, etc.) must be included in OFA loan agreements *except* where otherwise directed by the Minister of Finance, Treasury Board, or Cabinet. As such, if it is determined that the intercept provisions are not required/relevant in this case, Ministerial direction will be required. We can discuss further this afternoon.

Lisa

From: Sarah Harris
Sent: Wednesday, August 09, 2017 10:37 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; William Tan <William.Tan@ofina.on.ca>
Subject: FW: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hello Bruno and John,

In advance of our internal call this afternoon, Lisa and Toby have prepared the following e-mail below to consider whether the OFA should consider taking a security interest in the Regulatory Asset as security for $2B credit facility, as well as the inclusion of the intercept provision. Ken Kandeepan expressed the following view yesterday:

> *"…[the $2B Facility] is unsecured but so is every loan issued by the OFA to a public body so not sure why the risk associated with this loan is greater or for that matter lower than the loans currently in the OFA's loan book.*
>
> *As such, this should be treated exactly like all the other loans. Note that the IESO is fully consolidated with that of the Province so loans issued by the OFA to IESO will be a wash upon consolidation."*

In light of this, could you please advise if there are there any additional considerations regarding the FHP structure that would could necessitate the inclusion of an intercept provision in the $2B facility and/or the OFA taking a

security interest in the Regulatory Asset?

I am including Ken and Mike Manning in this e-mail, should they have any additional input or insight on this matter.

Thank you,
Sarah

From: Lisa Stein
Sent: Wednesday, August 09, 2017 10:09 AM
To: William Tan <William.Tan@ofina.on.ca>; Sarah Harris <Sarah.Harris@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Policy questions re OFHP Credit Facility Agreement
Importance: High

Hi Sarah H. and Will,

Based on the e-mails to date, I understand that OFA staff held a conference call yesterday and based the OFA Lending Policy and past practices, may have concluded that it is appropriate for the loan to the IESO in relation to the OFHP to be unsecured, as per other OFA loans to public bodies. However, as neither Toby (from MOF Legal) nor I were part of the aforementioned call, we wanted to clarify that this loan is NOT necessarily the same as other OFA unsecured loans to public bodies, and as such, the protection provided by the "intercept" provisions of the standard OFA loan agreements have limited application in this particular case (which is likely the reason why these provisions were not included in the original drafts). Our understanding is that, although the intercept provisions are intended to allow the Minister of Finance to deduct from money appropriated by the Legislature for payment to the Borrower amounts equal to any amounts that a Borrower fails to pay to the OFA on account of indebtedness under the loan agreement, in the case of the IESO as Borrower, these amounts are likely to be minimal.

Before proceeding, we would like to ensure that the nature of the loan, the impact of intercept provisions, and the insolvency and operational risks, have all been considered. Toby has succinctly summarized the questions which still need to be addressed during our call this afternoon in the e-mail which I have forwarded below.

Lisa

From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Tuesday, August 08, 2017 5:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: Policy question re OFHP Credit Facility Agreement

Lisa,

I have attempted to summarize my questions/issues in the below. Let me know if you have anything to add or have any edits.

The concerns I have with the IESO loan, and that should be considered are related to what could happen to the Regulatory Asset (the "Asset") if there are any credit or liquidity issues at the IESO. Because the Asset is something that it is possible to take security in, and that is an intangible that may be subject to a floating charge (ie, as a result of a GSA or from a financing agreement) I thought it would be prudent to consider whether the OFA should take a security interest in the Asset as security for the loan.

I am not familiar with the types of financial arrangements or other obligations that the IESO may be a party to, either as a result of its market operations or otherwise, but it may be possible that the IESO has entered into such arrangements, such as swaps or other derivatives agreements, loans or other financing arrangements for which security could be given.

I am not aware of what financial guarantees or other arrangements may be in place such that the Province may have guaranteed the IESO's obligations, but I don't believe that there are any. My understanding is that the IESO is consolidated with the Province's books, but that the IESO is not a crown agent, and the Province is not liable for the IESO's obligations to third parties. However, I am not sure about the underlying facts without more input from ENERGY and the IESO.

In light of these questions it may be worthwhile to consider some related issues:

- How does the proposed IESO loan compare to other OFA loans made to public bodies, such that it is appropriate to use the same requirements?
    - Size of loan – it is my understanding that there are not many loans that approach the size of the $2 billion loan that is proposed to the IESO.
    - Are the obligations of the IESO the obligations of the Province, and how does this compare to other public body loans?
    - What other financial obligations could the IESO have (such as swap agreements, other financial obligations) that could become due or create credit risk?
    - If in many public body loans, there is an intercept and an MOU with the appropriate ministry to create some security, does that make sense in this context? Are there significant transfers to the IESO?
    - Note that the OFA loan to the ROM was secured by pledges and an intercept, and that other Provincial loans to public bodies or other groups may be secured.
- Does the Province/OFA understand the financial obligations of the IESO such that it is confident that no other security interest could attach to the Asset?
- Given that the debt is specifically for the purpose of creating the Asset which will be "warehoused" at the IESO, once the Asset is sold to the financing entity, how

will the Province ensure that the proceeds can only be used to repay the loan?

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
tobias.whitfield@ontario.ca
Phone: 416-325-1456

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From: Anna Strathy
To: Lisa Stein
Cc: John Kim; William Tan; Usman Zahid
Subject: Re: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date: Friday, November 03, 2017 7:40:36 AM

Hi all,

I spoke to Gadi and he recalled that Ron would be signing the letter. I had forgotten that was what was decided with Energy weeks ago.

Since Ron will be signing the letter, I think it only makes sense for him to sign the other related materials - not to mention that CEFD has done the majority of the work on this file and perhaps there is some satisfaction for all of you in seeing it all done! I know Ron may not be familiar with all of the documents, but perhaps Usman can set aside 15 minutes for a briefing with Ron today once the materials are ready to be signed.

Apologies for the late change in direction. Usman, I'll follow up separately with you on this to bring you up to speed.

Thanks, Anna

--
Anna Strathy
Special Policy Advisor to the CEO
Ontario Financing Authority
416.325.8032

On Nov 2, 2017, at 11:36 AM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Agreed
>
> ---
>
> **From:** John Kim
> **Sent:** Thursday, November 02, 2017 11:32 AM
> **To:** Anna Strathy <Anna.Strathy@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
>
> Thanks, makes sense.
>
> ---
>
> **From:** Anna Strathy
> **Sent:** Thursday, November 02, 2017 11:31 AM
> **To:** John Kim <John.Kim@ofina.on.ca>; William Tan <William.Tan@ofina.on.ca>
> **Cc:** Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Gadi's free tomorrow and familiar with this issue. I can ask Gadi to sign.

From: John Kim
Sent: Thursday, November 02, 2017 11:14 AM
To: William Tan <William.Tan@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hi William,

Not sure of his availability but know that he is quite jammed. Also, he does not usually deal with credit agreements so wouldn't Gadi be more used to doing so? Ron will go through the whole documents if you put in front of him.

From: William Tan
Sent: Thursday, November 02, 2017 10:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Lisa Stein <Lisa.Stein@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement

Hello John,

Mike is away on Friday and according to the OFA Signing authorities Resolution for Lending Instruments, Ronald Kwan and Gadi Mayman are the other two signatories. Do you mind checking on Ronald's availability to sign for the agreements today or tomorrow?
There is a possibility for the agreements to be ready for today but more likely for tomorrow.

Lending Instruments

Agreements for loans by the OFA to public bodies, including term sheets, may be signed by any of the following persons:

Chair;
CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

Best regards,

Will Tan| *Documentation & Analysis Specialist*

Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: Bruno Amara
To: William Tan
Cc: Lisa Stein; Sarah Harris; John Kim; Tobias P. Whitfield (MOF)
Subject: Re: conference call re FHP Agreement
Date: Tuesday, August 08, 2017 4:04:07 PM

Yes. I am.

Bruno

Sent from my iPhone

On Aug 8, 2017, at 3:17 PM, William Tan <William.Tan@ofina.on.ca> wrote:

> Hello,
>
> Is everyone available at 2pm tomorrow?
>
> Thanks,
>
> Will
>
> ---
>
> **From:** Lisa Stein
> **Sent:** Tuesday, August 08, 2017 11:06 AM
> **To:** William Tan <William.Tan@ofina.on.ca>
> **Cc:** Sarah Harris <Sarah.Harris@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Jean-Francois Beaupre <Jean-Francois.Beaupre@ofina.on.ca>
> **Subject:** conference call re FHP Agreement
>
> Hi Will,
>
> After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.
>
> Thank you,
>
> Lisa

From: Sarah Harris
To: Lisa Stein
Subject: Re: new condition
Date: Thursday, November 02, 2017 5:27:36 PM

I think you've got it!

Sent from my iPhone

On Nov 2, 2017, at 5:08 PM, Lisa Stein <Lisa.Stein@ofina.on.ca> wrote:

> Please see (b)(iii). We can discuss further tomorrow.
>
> For the purposes of this Amending Agreement and its coming into effect:
>
> <!--[if !supportLists]-->a. <!--[endif]-->"**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";
>
> <!--[if !supportLists]-->b. <!--[endif]-->"**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:
>
> <!--[if !supportLists]--> i. <!--[endif]-->the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 3, 2017; and,
>
> <!--[if !supportLists]--> ii. <!--[endif]-->the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,
>
> <!--[if !supportLists]--> iii. <!--[endif]-->the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,
>
> <!--[if !supportLists]--> iv. <!--[endif]-->the payment by the IESO to OFA of the interest then owing under the Credit Agreement.

From:	Lisa Stein
To:	Malle Hanslep (FIN) (Malle.Hanslep@ontario.ca)
Cc:	John Kim
Subject:	Revised IESO Directive
Date:	Friday, August 18, 2017 10:39:03 AM
Attachments:	DIRECTIVE Aug 16.docx
Importance:	High

Hi Malle,

I've amended the directive to incorporate the original IESO credit facility agreement. Due to the evolution of the agreement (ie. numerous amendments and transition from the OPA to the IESO, I also thought it would be helpful to include background on this credit facility in the recitals. I would appreciate your feedback on this revised directive, as it is now more complex.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

Pursuant to directives dated December 22nd 2004, October 3rd, 2005, July 28th, 2006, October 14th, 2010, and December 18th, 2013, the Minister approved and directed the OFA to make loans (the "Advances") to the Ontario Power Authority (the "OPA") from time to time in an aggregate amount not to exceed $975 million at any time, as considered necessary by the OPA to meets its purposes.

Commented [LS1]: Program area please confirm accuracy of directives.

Effective January 1, 2015, the OPA and the Independent Electricity System Operator amalgamated and continued as a corporation without share capital under Part II of the *Electricity Act, 1998* (the "Amalgamation") with the name Independent Electricity System Operator ("IESO").

Pursuant to the Amalgamation the obligations of the OPA became obligations of the IESO.

The terms and conditions governing the Advances are set out in a credit agreement entered into between the OFA and the OPA dated January 1, 2005, as subsequently amended by amending agreements dated February 14, 2005, October 11, 20015, September 27, 2006, July 13, 2007, November 9, 2010, December 20, 2013, December 19, 2014 and November 30, 2016 (as so amended, the "Original Credit Facility Agreement").

The IESO had requested a new revolving credit facility in an amount of up to $2 billion from the OFA to support the IESO's role in the implementation and participation under the *Ontario Fair Hydro Plan Act, 2017* ("OFHP Act"). In the same request, the IESO had requested a reduction to its existing credit facility from the current $975 million to $475 million.

Pursuant to a directive from the Minister dated June 29, 2017 (the "2017 Directive"), the OFA was directed to provide a new revolving credit facility to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the OFHP Act (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet. The intercept provision applies to money appropriated by the Legislature for a public body.

The IESO is a public body for the purposes of CIPA.

As there is no operational funding appropriated by the Legislature for the IESO, the intercept provision has no application for OFA loans to the IESO.

Commented [LS2]: Amended as per Malle's comments. Program area please confirm.

DRAFT

Therefore:

The OFA is not required to include an intercept provision in the following two credit facility agreements with the IESO:

a) the Original Credit Facility Agreement, as may be amended from time to time; and,
b) the OFHP Credit Facility agreement, as may be amended from time to time.

(together, the "IESO Credit Facility Agreements")

The IESO Credit Facility Agreements shall remain subject to all other terms and conditions as set out in the applicable directives.

Dated , 2017

Charles Sousa

Minister of Finance

DRAFT

From: William Tan
To: John Kim
Cc: Lisa Stein; Anna Strathy
Subject: Signatories for FHP Credit Facility Agreement and Amending Agreement No. 10 Credit Facility Agreement
Date: Thursday, November 02, 2017 10:10:32 AM

Hello John,

Mike is away on Friday and according to the OFA Signing authorities Resolution for Lending Instruments, Ronald Kwan and Gadi Mayman are the other two signatories. Do you mind checking on Ronald's availability to sign for the agreements today or tomorrow?
There is a possibility for the agreements to be ready for today but more likely for tomorrow.

Lending Instruments

Agreements for loans by the OFA to public bodies, including term sheets, may be signed by any of the following persons:

Chair;
CEO;
Executive Director, Capital Markets Division, OFA; or,
Assistant Deputy Minister, Corporate and Electricity Finance Division, OFA.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
Tel. (416) 325-8090 | Fax: (416) 860-8346
william.tan@ofina.on.ca

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From: William Tan
To: Anthony Martinello
Cc: Lisa Stein; "Victor Buza"; Sarah Harris
Subject: Signatures for FHP and Amending Agreement No. 10
Date: Monday, November 06, 2017 10:33:19 AM

Good morning Anthony,

Just checking-in on approximately when we can expect the documents to be executed so I may prepare my signatory.

Thanks,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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From: William Tan
To: Risa Thau
Cc: Sarah Harris; Lisa Stein
Subject: Up-to-Date Grid Note for IESO Existing Credit Facility
Date: Wednesday, September 27, 2017 7:40:36 PM

Hello Risa,

We are expecting IESO to sign the amendment to the Existing Credit Facility and the new FHP Credit Facility. We would require an up-to-date Grid Note to be included with the Amending Agreement. I anticipate that we would need a copy as early as late Thursday (unlikely) to as late as Tuesday of next week. I thought it best to provide you with some notice ahead of time. I am happy to discuss if you have any questions.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M5G 1Z3, CANADA
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From: Lisa Stein
To: Tobias P. Whitfield (MOF)
Subject: Update call re FHP agreement

Pre-meeting before afternoon conference call

From:	William Tan
To:	Lisa Stein
Cc:	Sarah Harris
Subject:	Update to IESO OFA Credit Agreement History
Date:	Tuesday, June 20, 2017 2:02:56 PM
Attachments:	History of IESO OFA Amending Agreements.doc

Hello Lisa,

To assist you in your review of the new OFHP IESO OFA Credit Facility Agreement, I have enclosed/updated the existing IESO OFA Credit Facility Agreement history.

Best regards,

Will Tan| *Documentation & Analysis Specialist*
Capital Markets Division | Ontario Financing Authority
1 Dundas Street West, Suite 1400
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OFA-IESO (Formerly OPA) AMENDING AGREEMENTS

(1) Credit Agreement dated January 1, 2005-proved for $500 million line of credit-provides for repayment dates of 1 month, 2 month or 3 month from the Advance Date; Advances to be made any day prior to November 30, 2006. Mandatory Repayment Date December 31, 2006;

(2) Amending Letter- dated February 14, 2005- Clause 4.7 amended by substituting the word "Agreement" for the word "Services;

(3) Amending Agreement No. 3 dated October 11, 2005-line of credit increased to $975,000,000;

(4) Amending Agreement No. 4 dated September 27, 2006-Mandatory Repayment Date extended from December 31, 2006 to December 31, 2010;

(5) Amending Agreement No. 5 dated July 13, 2007 – amended the Advances to OPA from November 20, 2006 to November 30, 2010; amended date re all interest accrued in Event of Default from December 31, 2006 to December 31, 2010 *(this point added by Karin)*

(6) Amending Agreement No. 6 dated November 9, 2010 – Mandatory Repayment Date extended from Dec 31, 2010 (per Amending Agreement No. 4) to December 31, 2013; Advances to OPA extended to November 30, 2013; amended date in the Event of Default (all interest accrued and amounts owing) from December 31, 2010 (per Amending Agreement No. 5) to December 31, 2013.

(7) Amending Agreement No. 7 dated December 20, 2013 – Mandatory Repayment Date extended from December 31, 2013 to December 31, 2016; Advances to OPA extended to November 30, 2016.

(8) Amending Agreement No. 8 dated December 19, 2014 – OPA and IESO amalgamation pursuant to Schedule 7 of the *Building Opportunity and Securing Our Future Act (Budget Measures), 2014*. The new merged entity "IESO" assumes all rights and obligations under the existing OFA - OPA $975 million credit facility agreement.

(9) Amending Agreement No. 9 dated November 30, 2016 – Definition update; References to IESO update; Mandatory Repayment Date extended from December 31, 2016 to December 31, 2019; Advances to IESO extended from November 30, 2016 to November 30, 2019; Amended Notice for Advancements extended from One business day to Two business days; Amended from previous terms of Advance from not later than 1 month, 2 months and 3 months after the requested date of the Advance period to a period of 28 days and up to a maximum of 95 days for the initial period and recurring period; Amended address and contact information;

(10) Amending Agreement No 10 dated July 1, 2017 – line of credit decrease to $475,000,000; June 19, 2017

A. Pivnick
July 25, 2007

Lenin Alvarez-Bravo
August 17, 2016

Updated William Tan
June 19, 2017

From:	Lisa Stein
To:	William Tan
Cc:	Sarah Harris; Bruno Amara; John Kim; Tobias P. Whitfield (MOF); Jean-Francois Beaupre
Subject:	conference call re FHP Agreement
Date:	Tuesday, August 08, 2017 11:06:18 AM

Hi Will,

After discussing this matter further with Toby this morning we've decided that arranging an internal call would be appropriate to discuss outstanding issues. Can you please set up a call with everyone on this e-mail for this afternoon (and anyone else who may be required)? In the meantime I'm still tweaking the latest draft to include intercept provisions (in the event that they are required) and Toby is going to put together a list of remaining questions/issues based on our discussions.

Thank you,

Lisa

From:	Lisa Stein
To:	Kenneth Russell; Malle Hanslep (FIN) (Malle.Hanslep@ontario.ca)
Cc:	John Kim; Tobias P. Whitfield (MOF)
Subject:	draft IESO directive re intercept
Date:	Wednesday, August 16, 2017 4:50:40 PM
Attachments:	DIRECTIVE Aug 16.docx
Importance:	High

Hi Ken and Malle,

As discussed this afternoon, please see attached draft directive. I would appreciate any comments that you may have. Please note that while I have discussed the content with CEFD, they still need to review. I'm also still awaiting the draft briefing note.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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DIRECTIVE

MINISTER OF FINANCE

LOANS TO THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR

To: Ontario Financing Authority ("OFA")

Whereas:

Under the *Capital Investment Plan Act, 1993* ("CIPA"), the OFA provides financing to public bodies as directed by the Minister of Finance ("Minister").

The Independent Electricity System Operator ("IESO") is a public body for the purposes of CIPA.

Pursuant to a directive from the Minister dated June 29, 2017, the OFA was directed to provide a revolving credit facility to the IESO for the purposes of providing short to medium term financing related to the IESO's role in the implementation of the *Ontario Fair Hydro Plan Act, 2017* (the "OFHP Credit Facility").

Pursuant to the OFA Lending Policy, the OFA is required to include an intercept provision in respect of loans made by the OFA to public bodies on an unsecured basis, unless otherwise directed by the Minister, Treasury Board or Cabinet.

As the IESO receives no funding from the Province of Ontario, there is no funding to which the intercept provision applies.

Commented [LS1]: CEFD to review/confirm.

Therefore:

The OFA is not required to include an intercept provision in its OFHP Credit Facility agreement with the IESO, nor in any other unsecured loan agreements with the IESO.

Dated , 2017

Charles Sousa

Minister of Finance

From:	Lisa Stein
To:	Sarah Harris; William Tan
Subject:	fhp credit facility agreement execution version v3 blackline.docx
Date:	Thursday, October 05, 2017 12:28:14 PM
Attachments:	fhp credit facility agreement execution version v3 blackline.docx

Revised black-lined draft with change to "Permitted Liens" definition, as discussed.

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.~~any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean~~

Formatted: Font: Times New Roman, 12 pt

~~Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP~~.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

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cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	Sarah Harris; William Tan
Cc:	Sarah Neville; John Kim
Subject:	fhp credit facility agreement execution version v3 blackline.docx
Date:	Wednesday, September 27, 2017 4:08:31 PM
Attachments:	fhp credit facility agreement execution version v3 blackline.docx

Hi Sarah and Will,

As per your request, please find attached a revised draft of the credit facility agreement, with amendments re: intercept blacklined.

Please let me know if you have any questions or concerns.

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

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INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

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cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Sarah Neville
Subject: fhp credit facility agreement execution version v3 blackline.docx
Date: Wednesday, September 20, 2017 12:58:42 PM
Attachments: fhp credit facility agreement execution version v3 blackline.docx

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Intercept provisions for discussion at our weekly

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP.

"Person" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"Purchase Money Mortgage" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"Repayment Date" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"Stated Maturity" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

"Swap Termination Value" means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

"Voting Shares" of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

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cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from money appropriated by the Legislature for payment to the IESO and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

I have authority to bind the corporation.

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From:	Lisa Stein
To:	William Tan; Sarah Harris
Cc:	Sarah Neville; John Kim
Subject:	fhp credit facility agreement execution version v3 blackline.docx
Date:	Monday, October 23, 2017 10:19:22 AM
Attachments:	fhp credit facility agreement execution version v3 blackline.docx

Hi Will,

Please find attached a revised black-lined version of the FHP credit facility agreement. The only change from the last version is the addition of an "entire agreement" clause in section 7.8, as discussed at our internal meeting last week. Please send this amendment to the IESO (and re-format the accompanying draft clean execution version as necessary).

Thank you,

Lisa

Lisa N. Stein
Legal Counsel
Ontario Financing Authority
416-325-2320

****
This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and contains information that is privileged/confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify the sender immediately by reply e-mail and permanently delete this message, including any attachments, without reading it or making a copy. Thank you.
****

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

as Borrower

and

ONTARIO FINANCING AUTHORITY

as Lender

REVOLVING CREDIT FACILITY AGREEMENT

Date: September ___, 2017

REVOLVING CREDIT FACILITY AGREEMENT

THIS AGREEMENT is made as of the ____ day of September 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital existing under Part II of the *Electricity Act, 1998* (the "**IESO**") (as Borrower)

AND

ONTARIO FINANCING AUTHORITY, a Crown agency established under the *Capital Investment Plan Act, 1993* (the "**OFA**" and together with the IESO, the "**Parties**") (as Lender)

RECITALS:

WHEREAS the IESO has requested a revolving credit facility for up to a maximum principal amount of $2 billion from the OFA for the purpose of supporting the IESO's role in the implementation and administration of the *Ontario Fair Hydro Plan Act, 2017*.

THEREFORE in consideration of the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meanings assigned to them below:

"Advances" means advances made by the OFA to the IESO under Article 3 and "Advance" means any one of such advances, and in the case of an election by the IESO under Section 3.3, includes a "Continued Advance", as defined in Section 3.3(1), as applicable.

"Advances Outstanding" means, at any time, an amount equal to the aggregate principal amount of all Advances outstanding at such time.

"Agreement", "herein", "hereby", "hereor', "hereunder" and similar expressions mean and refer to this agreement and all schedules hereto and all instruments in amendment or confirmation of this agreement and such schedules and not to any particular article or section; and the expression "Article" or "Section" followed by a number means the specified Article or Section of this Agreement.

"Borrowing Notice" has the meaning specified in Section 3.2(1).

"Business Day" means any day that is not a day on which banks are generally authorized or required by law or executive order to be closed in the City of Toronto.

"**Clean Energy Adjustment"** has the same meaning as that term is defined in the OFHP.

"Commitment" means, at any time, an amount equal to $2 billion.

"Consolidated Assets" means, at any time, the book value of the assets of the IESO and the Subsidiaries, determined as of such time on a consolidated basis in accordance with GAAP.

"**Continued Advance"** has the meaning specified in Section 3.3(1).

"Credit Facility" means the revolving credit facility to be made available to the IESO by the OFA under this Agreement for the purposes specified in Section 2.2.

"**Current Repayment Date**" has the meaning specified in Section 3.3(2).

"Default" means any event which, after the giving of notice, or passage of time, or both, would be an Event of Default.

"Dollars" or **"$**" means lawful currency of Canada.

"Election Notice" has the meaning specified in Section 3.3(2).

"Event of Default" has the meaning specified in Section 5.1.

"GAAP" means accounting policies and standards as established by the Chartered Professional Accountants of Canada, at the relevant time and applied on a consistent basis.

"Grid Note" has the meaning specified in Section 3.2(2).

"Indebtedness" means (without duplication), with respect to any Person, whether recourse is to all or a portion of the assets of such Person and whether or not contingent:

(a) every obligation of such Person for borrowed money;

(b) every obligation of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) every reimbursement obligation of such Person with respect to letters of credit, bankers' acceptances or similar instruments;

(d) every obligation of such Person issued or assumed as the deferred purchase price of property or services (but excluding trade accounts payable or expenses accrued in the ordinary course of business which are not overdue or which are being contested in good faith);

(e) every capital lease obligation of such Person;

(f) the Swap Termination Value of each Swap Contract of such Person; and

(g) every obligation of the type referred to in paragraphs (a) through (f) of another Person and all dividends of another Person the payment of which, in each case, such Person has guaranteed or is responsible or liable for, directly or indirectly, as obligor, guarantor or otherwise.

"Lien" means any assignment, hypothec, mortgage, lien, pledge, security interest, encumbrance, title retention agreement or other agreement or arrangement to secure the performance of any obligation (including the payment of Indebtedness).

"Material Subsidiary" means, at any time, a Subsidiary which has consolidated assets with a book value of more than $25 million determined in accordance with GAAP.

"**New Repayment Date**" has the meaning specified in Section 3.3(2).

"**OFHP**" means the *Ontario Fair Hydro Plan Act, 2017*.

"Permitted Liens" means:

(a) Liens for taxes and assessments not at the time overdue or any Liens securing workmen's compensation assessments, unemployment insurance or other social security obligations not at the time overdue;

(b) any Liens or rights of distress reserved in or exercisable under any lease for rent and for compliance with the terms of such lease;

(c) any obligations or duties, affecting the property of the IESO to any municipality or governmental, statutory or public authority, with respect to any franchise, grant, license or permit and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on lands held by the IESO or such Material Subsidiary under government permits, leases or other grants,

which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held by the IESO or such Material Subsidiary;

(d) any deposits or Liens in connection with building contracts, bids or tenders, expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, and public and statutory obligations, Liens or claims incidental to current construction, builders', mechanics', labourers', materialmen's, warehousemen's, carriers' and other similar Liens;

(e) the right reserved to or vested in any municipality or governmental or other public authority by any statutory provision or by the terms of any lease, license, franchise, grant or permit, that affects any lands, to terminate any such lease, license, franchise, grant or permit or to require annual or their periodic payments as a condition to the continuance thereof;

(f) any undetermined or inchoate Liens and charges incidental to the current operations of the IESO or a Material Subsidiary that have not at the time been filed against the IESO or such Material Subsidiary; provided, however, that if any such Lien or charge shall have been filed, the IESO or such Material Subsidiary shall be prosecuting an appeal or proceedings for review with respect to which it shall have secured a stay in the enforcement of any such Lien or charge;

(g) any Lien the validity of which is being contested at the time by the IESO or a Material Subsidiary in good faith and the enforcement of which has been stayed;

(h) any easements, rights-of-way and servitudes that in the opinion of the IESO will not in the aggregate materially and adversely impair the use or value of the land for the purpose for which it is held or occupied by the IESO or a Material Subsidiary;

(i) any Liens and privileges arising out of judgments or awards with respect to which the IESO or a Material Subsidiary shall be prosecuting an appeal or proceedings for review and with respect to which it shall have secured a stay of execution pending such appeal or proceedings for review;

(j) any other Liens of a nature similar to the foregoing which do not in the opinion of the IESO, acting reasonably, materially impair the use of the property subject thereto or the operation of the business of the IESO or any Material Subsidiary or the value of such property for the purpose of any such business; and

(k) any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amount received or receivable by the IESO (such as, without limitation, amounts received or receivable in respect of the Clean Energy Adjustment), or any other lien, whether arising from the action or inaction of IESO, that is created in connection with the OFHP.~~any Lien arising from the IESO's role and obligations under the OFHP, including with respect to any amounts collected and held by IESO in relation to the Clean~~

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~~Energy Adjustment, or any other lien, whether arising from the action or inaction of IESO, that is created under the OFHP~~.

"**Person**" means any individual, corporation, partnership joint venture, association, trust or unincorporated organization or any government or agency or political subdivision thereof.

"**Purchase Money Mortgage**" means any Lien on property, granted in connection with financing, assumed or given back in payment of, or created or arising by operation of law to secure, the whole or part of the purchase price of such property, or granted in connection with financing the cost in whole or in part of construction or installation of or improvements to any property, provided that such Lien is incurred or assumed at the time or within 12 months after the purchase of such property or the completion of such construction, installation or improvements, as the case may be, and includes any extension, renewal or replacement thereof on the same property if the principal amount of the Indebtedness secured thereby at the time of such extension, renewal or replacement is not increased and if such Lien is not extended to any other property.

"**Repayment Date**" means, in respect of the repayment of Advances, the repayment date contained in the most recent Borrowing Notice or Election Notice.

"**Stated Maturity**" when used with respect to any Indebtedness or any installment of interest thereon, means the date specified in or on the agreement or instrument evidencing such Indebtedness as the fixed date on which any principal amount of such Indebtedness or such installment of interest is due and payable.

"Subsidiary" means:

(a) a corporation more than 50% of the voting power or the outstanding Voting Shares of which is owned, directly or indirectly, by the IESO or by one or more other Subsidiaries or by the IESO and one or more other Subsidiaries; or

(b) any Person (other than a corporation) in which the IESO, or one or more other Subsidiaries, directly or indirectly, has at least a majority ownership and power to direct the policies, management and affairs thereof.

"Swap Contract" means any agreement whether or not in writing, relating to any transaction or derivative transaction including a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, commodity future, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction currency swap, cross-currency rate swap, swaption, currency option or other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing.

“Swap Termination Value” means, in respect of any one or more Swap Contracts entered into by a Person, after taking into account the effect of any legally enforceable netting agreement relating to such Swap contracts:

(a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) for such Person have been determined in accordance therewith, such termination value(s); and

(b) for any date prior to the date referred to in paragraph (a), the net amount determined pursuant to the terms of such Swap Contracts that would be payable by such Person if such Swap Contracts were terminated as of such date.

“Voting Shares” of any Person means securities of such Person which ordinarily carry a right to vote for the election of directors (or Persons performing similar functions) of such Person.

Section 1.2 Effect of Headings.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and shall not affect the construction or interpretation hereof.

Section 1.3 Singular, Plural, Gender, Certain Phrases, etc.

Where the context permits and unless such interpretation would be inappropriate, words importing the singular only shall include the plural and vice versa and words importing gender may include any gender. In this Agreement, (a) the words "including" and "includes" mean "including (or includes) without limitation", and (b) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean “to but excluding".

Section 1.4 Accounting.

Except as otherwise specifically provided herein, all accounting terms shall be applied and construed in accordance with GAAP.

Section 1.5 Non-Business Days.

Whenever any payment to be made hereunder shall be due, any period of time would end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day.

ARTICLE 2
REVOLVING CREDIT FACILITY

Section 2.1 Availability.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO. The OFA shall make each Advance in Dollars.

Section 2.2 Use of Proceeds.

The IESO shall use the proceeds of Advances for the purposes for which it is authorized to borrow funds pursuant to Regulation 280/14 made under the *Electricity Act, 1998*, as such regulation may be amended or replaced from time to time, subject to the condition that proceeds of Advances may be used only for IESO's financing needs and requirements of any kind arising in connection with the IESO's role with respect to and obligations under the OFHP.

Section 2.3 Credit Facility Limit.

The Advances Outstanding shall not at any time exceed the Commitment. The Credit Facility shall revolve and no payment under the Credit Facility shall reduce the Commitment.

Section 2.4 Mandatory Repayment.

Subject to Sections 2.5 and 5.2, the IESO shall repay each Advance together with the interest accrued thereon on the applicable Repayment Date, and, in any event, shall repay all Advances Outstanding, together with all accrued interest and all other amounts owing hereunder on September 30, 2022.

Section 2.5 Prepayments.

The IESO is not entitled to prepay any part of the Advances Outstanding or the interest accrued thereon without the prior written consent of the OFA.

Section 2.6 Payments under this Agreement.

(1) The OFA shall make Advances to the IESO under this Agreement to or to the order of the IESO by wire transfer of immediately available funds in accordance with wire transfer instructions given by the IESO to the OFA from time to time, or in such other manner as the IESO may specify to the OFA from time to time.

(2) The IESO shall make any payment required hereunder to be made by it to the OFA, to or to the order of the OFA, by wire transfer of immediately available funds in accordance with wire transfer instruction given by the OFA to the IESO from time to time, or in such other manner as the OFA may specify to the IESO from time to time. The IESO shall make each such payment in Canadian Dollars.

Section 2.7 Computations of Interest.

(1) All computations of interest shall be made by the OFA taking into account the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable on the basis of a year of 365 days or 366 days, as the case may be.

(2) For the purposes of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest which is equivalent to a rate of interest payable under this Agreement for any period of less than a year may be determined by multiplying the rate of interest for such period by a fraction, the numerator of which is the actual number of days in a year commencing on and including the first day in such period and ending on but excluding the corresponding day in the next calendar year and the denominator of which is the actual number of days in such period.

Section 2.8 Limit on Rate of Interest.

(1) Notwithstanding any provision contained in this Agreement, the IESO shall not be obliged to make any payments of interest or other amounts payable to the OFA hereunder in excess of the amount or rate which would be prohibited by applicable law or would result in the receipt by the OFA of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

(2) In the event that any such payments are limited or prohibited as provided in Section 2.8(1), the OFA shall have no further obligation to make any Advances available hereunder and the Advances Outstanding, together with all accrued interest and all other amounts owing hereunder, shall become immediately due and payable.

Section 2.9 Application of Payments.

All payments made by the IESO under this Agreement shall be applied firstly to the payment of interest payable to the OFA on late payments of principal or interest hereunder, secondly, to the payment of accrued and unpaid interest payable to the OFA hereunder and thirdly, to the payment of the outstanding principal amount of any Advances payable to the OFA.

ARTICLE 3
ADVANCES

Section 3.1 Advances.

The OFA agrees, on the terms and conditions of this Agreement, to make Advances to the IESO under the Credit Facility from time to time on any Business Day prior to September 23, 2022.

Section 3.2 Procedure for Advances.

(1) Subject to Section 3.3(5), each Advance shall be made subject to two Business Days' prior notice given not later than 10:00 a.m. (Toronto time) by the IESO to the OFA. Each notice of an Advance (a "**Borrowing Notice**") shall be substantially in the form of Schedule 1, other than a Borrowing Notice that is included in an Election Notice as permitted by Section 3.3(3). Each Borrowing Notice shall be irrevocable and binding on the IESO and shall specify (a) the requested date of the Advance; (b) the principal amount of the Advance, and (c) the Repayment Date of the Advance which shall not be earlier than 5 days and not later than 95 days after the date of the requested Advance. Each Borrowing Notice shall also certify the use of proceeds of the Advance which shall in any case be in accordance with Section 2.2. The OFA will make the principal amount of each Advance available to the IESO in accordance with Article 2.

(2) On or before the date of the first Advance hereunder, the IESO shall execute and deliver to the OFA a grid promissory note in respect of Advances substantially in the form of Schedule 3 (the "**Grid Note**"). The IESO authorizes the OFA to record on the Grid Note (a) the date and amount of each Advance or Continued Advance; (b) the applicable rate of interest for each Advance or Continued Advance; (c) the Repayment Date of each Advance or Continued Advance; (d) the date and amount of each payment of interest and each payment of principal or portion thereof in respect of each Advance or Continued Advance; and (e) Advances Outstanding. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such Advances and repayments; provided that the failure of the OFA to record any amount, rate or date shall not affect the obligation of the IESO to pay the Advances Outstanding and all interest accrued thereon and any other amounts due under this Agreement.

Section 3.3 Elections Regarding Advances.

(1) The IESO may elect to continue all or a portion of the principal amount of any Advance and any amount of interest on such Advance (together, the "**Continued Advance**") for a further period of at least 5 days and up to a maximum of 95 days beginning on the then current Repayment Date in accordance with Section 3.3(2).

(2) Each notice to continue an Advance for a further period (an "**Election Notice**") shall be provided by the IESO to the OFA at least two Business Days prior to the Repayment Date of the Advance (the "**Current Repayment Date**"), and in each case, not later than 10:00 a.m. (Toronto time). Each such Election Notice shall be given substantially in the

form of Schedule 2 and shall be irrevocable and binding upon the IESO and shall specify: (a) the Current Repayment Date; (b) the new aggregate total amount of the proposed Continued Advance; (c) the amount of interest or principal, if any, to be paid or re-paid by the IESO with respect to such Advance on the Current Repayment Date; and (d) the new Repayment Date of the proposed Continued Advance, which shall be no earlier than 5 days and not later than 95 days after the current Repayment Date (the "**New Repayment Date"**). If the IESO fails to deliver an Election Notice to the OFA for any Advance as provided herein, such Advance shall be repayable on the applicable Repayment Date.

(3) An Election Notice with respect to a proposed Continued Advance may include a Borrowing Notice for a further Advance proposed to be made on the Current Repayment Date. The Repayment Date of such further Advance shall be the New Repayment Date of the Continued Advance that is specified in the Election Notice. Such Borrowing Notice shall be given substantially in the form of Schedule 2.

(4) The calculation of interest on a Continued Advance shall be determined in the same manner as an Advance under Section 3.4 and shall be recorded on the Grid Note in accordance with Section 3.2(2).

(5) Any portion of an Advance not continued for a further period in accordance with Section 3.3(2) shall be repayable on the applicable Repayment Date.

(6) The Credit Facility shall at all times rank *pari passu* with all other unsubordinated and unsecured Indebtedness of the IESO, subject to the existence of any Liens that secure Indebtedness, as permitted by subections 4.6 (a) through (e) hereof.

(7) All amounts owing in respect of the Advances shall be paid without exercising any right of set off or counterclaim by the IESO.

Section 3.4 Interest on Advances.

(1) The IESO shall pay interest on the unpaid principal amount of each Advance in accordance with this Section 3.4 from and including the date of such Advance until the principal amount of such Advance is repaid in full.

(2) Interest shall accrue on the principal amount of each Advance from and including the date of the Advance to but excluding the Repayment Date of such Advance, at an annual rate equal to the Province of Ontario's cost of funds for borrowings with a similar term as determined by the OFA plus 0.25 percent per annum, before as well as after the date such principal amount or interest thereon becomes due hereunder and both before and after Default and shall be payable on the Repayment Date for such Advance. Any amount of interest arising hereunder which is not paid when due shall bear interest at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment. The amount of interest payable on an Advance will be calculated by the OFA by dividing the interest rate applicable to the Advance by 365 or 366, as the case

may be, and multiplying the result by the principal amount of the Advance and further multiplying the result by the number of days in the period from the date of the Advance to the Repayment Date of the Advance.

(3) If the IESO elects to continue an Advance in accordance with Section 3.3(2), the OFA shall determine the interest rate applicable after the original Repayment Date of the Advance and endorse the said rate on the grid forming part of the Grid Note in respect of Advances held by it.

Section 3.5 Conditions Precedent

The obligation of the OFA to make the Advances to the IESO pursuant to Section 2.1 is subject to the following conditions being satisfied to the OFA's satisfaction at the time of making each Advance:

(a) that the representations and warranties of the IESO contained in this Agreement are true and correct as at the date of making the Advance;

(b) that no Event of Default has occurred and is continuing;

(c) that there shall, in the reasonable opinion of the OFA, have been no material adverse change in the financial condition of the IESO or a Material Subsidiary; and

(d) that the OFA has received such other documentation which it has reasonably requested to ensure that the IESO is in compliance with the terms and conditions of this Agreement, including certified true copies of any necessary resolutions, a written legal opinion from counsel to the IESO confirming that the borrowing is within the legal powers of the IESO and that the Agreement is a direct, unsecured obligation of the IESO enforceable against the IESO in form satisfactory to the OFA.

ARTICLE 4
COVENANTS OF THE IESO

Section 4.1 Payment of Advances.

The IESO will duly and punctually pay all amounts owing under this Agreement in accordance with the terms and subject to the conditions of this Agreement.

Section 4.2 IESO will Maintain its Corporate Existence.

The IESO will at all times maintain its corporate existence.

Section 4.3 Maintenance of Properties.

The IESO will cause all property owned by the IESO or any Material Subsidiary to be maintained and kept in good condition, repair and working order, all as in the judgment of the IESO or any Material Subsidiary may be necessary for the proper operation of such property, except as and to the extent that the IESO or any Material Subsidiary may be prevented from doing so by fire, strikes, lockouts, walkouts, labour unrest, acts of God, inability to obtain labour or materials, enemy action, governmental restrictions, civil commotion, or unavoidable casualty or similar causes; provided, however, that nothing in this Section 4.3 shall prevent the IESO or any Material Subsidiary from discontinuing the maintenance of any such property or decommissioning any such property if such discontinuance or decommissioning is, in the judgment of the IESO or any such Material Subsidiary, desirable in the conduct of its business or the business of any such Material Subsidiary, or has been directly or indirectly requested or required by the Province of Ontario.

Section 4.4 Insurance.

The IESO will cause all property owned by the IESO or any Material Subsidiary which is of a character usually insured by companies operating similar businesses to be insured and kept insured with reputable insurers (which may include associations or other organizations for mutual or reciprocal insurance) against loss or damage by fire or other hazards or risks of the mature and to the extent that such property is usually insured by companies operating similar businesses.

Section 4.5 Conduct of Business.

The IESO will, and will cause the Subsidiaries to, carry on and conduct their respective businesses in accordance with good business practice.

Section 4.6 Negative Pledge.

The IESO will not, and will not permit any Material Subsidiary to, create, incur or assume any Lien, charging the interest of the IESO or any Material Subsidiary in any property, to secure any obligations (including any Indebtedness) unless, at or prior to the time such Lien is created, incurred or assumed, all amounts owing under this Agreement are secured equally and rateably with any and all such obligations secured or to be secured by such Lien, for so long as such obligations shall be secured, provided, however, that the foregoing covenant shall not prevent, restrict or apply to any of the following:

(a) the creation, incurrence or assumption of any Purchase Money Mortgage;

(b) the grant of any Lien in the normal course of business to any banks or financial institutions for present or future Indebtedness of the IESO or any Material Subsidiary to such banks or financial institutions payable on demand or having an original term to maturity less than 18 months;

(c) Permitted Liens;

(d) any extension, renewal or replacement of any of the Liens referred to in Sections 4.6(a), (b) or (c), provided that the principal amount secured by any such Lien outstanding immediately before such extension, renewal or replacement or refunding is not thereby increased; and

(e) any Lien charging the interest of the IESO or any Material Subsidiary in any property to secure any Indebtedness, other than any Lien referred to in Sections 4.6(a), (b) or (c), provided that, at the time such Lien is created, incurred or assumed, the principal amount of such Indebtedness, together with the aggregate principal amount of all other Indebtedness secured by Liens permitted pursuant to this Section 4.6(e) which is outstanding at such time does not exceed 10% of Consolidated Assets at such time.

Section 4.7 Payment of OFA Expenses

In addition to any liability of the IESO to the OFA under any other provision of this Agreement, the IESO will, on demand, reimburse and indemnify OFA for all reasonable costs, charges and expenses, including reasonable fees and disbursements of its agents and counsel, incurred by OFA in connection with the Agreement (including those services incurred in the preservation of rights under or enforcement of this Agreement at any time during the continuance of a Default or Event of Default and for any reasonable loss or expense incurred by OFA as a result of any failure by the IESO to fulfill any of its obligations under this Agreement). All such costs, charges and expenses shall bear interest at the Province of Ontario's cost of funds plus 0.25 percent per annum (as determined by the OFA) calculated and payable monthly not in advance from in each case from the date on which the OFA incurs the cost, charge or expense until the date on which the IESO reimbursement the OFA therefor. The OFA agrees, acting reasonably, to invoice the IESO for any such costs, charges and expense as they are incurred, together with interest at the aforesaid rate (with interest on overdue interest).

Section 4.8 Reporting.

The IESO will promptly provide to the OFA any reports or supporting documents that the OFA may request from time to time.

Section 4.9 Late Repayment of Advance.

In the event that the IESO fails to repay the principal amount of any Advance and all interest accrued thereon when due, the IESO shall pay interest on the unpaid amount of such Advance at the same rate compounded monthly at which it accrued from the due date for payment until the date of actual payment.

ARTICLE 5
EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Event of Default.

Wherever used in this Agreement, the term "Event of Default" means any of the following:

(a) the IESO's failure to pay any interest upon any Advance when it becomes due and payable, if such failure continues for a period of 3 Business Days;

(b) failure to pay the principal amount of any Advance on the applicable Repayment Date or the Advances Outstanding, all interest accrued thereon and all other amounts owing under this Agreement on September 30, 2022;

(c) failure on the part of the IESO to observe or perform its obligations set forth in Section 4.1;

(d) failure on the part of the IESO to observe or perform any of the other covenants or agreements on its part contained in this Agreement for a period of 20 days after the date on which written notice of such failure shall have been given to the IESO by the OFA;

(e) any representation or warranty made by the IESO in this Agreement or in any certificate or other document at any time delivered hereunder to the OFA was incorrect or misleading in any material respect;

(f) one or more breaches by the IESO of its covenants under one or more evidences of Indebtedness or instruments governing or securing the same with a principal amount then outstanding, individually or in the aggregate, of at least $5 million, which breaches:

(i) constitute a failure to pay such Indebtedness when due and payable at its final Stated Maturity, continue after any applicable grace period and have not been cured or waived or ceased to exist, or

(ii) have resulted in such Indebtedness becoming or being declared due and payable prior to its final Stated Maturity (and which acceleration or declaration has not been waived or rescinded);

(g) the IESO or any Material Subsidiary:

(i) becomes unable to meet its obligations as they generally become due or has ceased paying its current obligations in the ordinary course of business as they generally become due;

(ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit its creditors or files a proposal or other scheme

of arrangement involving the rescheduling or composition of its Indebtedness;

(iii) institutes or has instituted against it any proceeding seeking:

(A) to adjudicate it as bankrupt or insolvent,

(B) liquidation, winding-up or reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors including any plan of compromise or arrangement or other corporate proceeding involving or affecting its creditors, or

(C) the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its assets,

and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, or any remedy sought in any such proceeding (including the entry of order for relief against it or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its properties and assets) occurs; or

(iv) takes any corporate action to authorize any of the actions in Sections 5.l (g)(i) to (iii); or

(h) if there shall be rendered against the IESO or any Material Subsidiary a final judgment or judgments for the payment of money in an aggregate amount in excess of $5 million by a court or courts of competent jurisdiction, and the IESO or any Material Subsidiary shall have failed to satisfy such judgments or to appeal therefrom (or from the order, decree or process pursuant to which such judgments were granted, passed, entered or affirmed) and to obtain a stay of execution thereof within the period prescribed by law for appeals, and to have such judgments discharged within 30 days after the expiration of such period or the period of any such stay, whichever shall later expire.

Section 5.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default occurs and is continuing, then and in every such case the OFA may at its option, in addition to any other remedy available to the OFA at law, by written notice to the IESO, take any or all of the following actions:

(a) suspend the right of the IESO to request any further Advance until the Event of Default has been cured to the OFA's satisfaction or, if the Event of Default is not

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cured within three (3) Business Days after the date on which written notice of such Event of Default shall have been given to the IESO by the OFA, declare all amounts owing hereunder including all interest accrued to be due and payable immediately, by a notice in writing to the IESO, and upon any such declaration all such amounts shall become immediately due and payable.

(b) invoke the Intercept pursuant to section 5.7 of this Agreement to require payment of any amount due and payable under this Agreement.

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Section 5.3 Suits for Enforcement by the OFA.

If an Event of Default occurs and is continuing, the OFA may proceed to protect and enforce the rights vested in it by this Agreement either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Agreement or in aid of the exercise of any power granted in this Agreement, or to enforce any other legal or equitable right vested in the OFA by this Agreement or by law.

Section 5.4 OFA May File Proof of Claim.

If proceedings for the receivership, insolvency, liquidation, bankruptcy, winding-up, reorganization, arrangement or composition of the IESO under any applicable law are pending, or if a receiver, trustee, custodian or other similar official shall have been appointed for the property of the IESO, or if any other judicial proceedings relative to the IESO, its creditors or its property are pending, the OFA shall be entitled and empowered, by intention in such proceeding or otherwise:

(a) to file and prove a claim for all amounts owing under this Agreement and to file such other papers or documents as may be necessary or advisable in order to have the claims of the OFA (including any claim for fees and disbursements of the OFA, its agents and counsel) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claim.

Section 5.5 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the OFA is intended to be exclusive of any other such right or remedy, and every such right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 5.6 Delay or Omission not Waiver.

No delay or omission of the OFA to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right or remedy given by this Article 5 or by law to OFA may be exercised from time to time, and as often as may be deemed expedient, by the OFA.

Section 5.7 Intercept

(a) The IESO hereby acknowledges that the Minister of Finance is entitled to deduct from monies appropriated by the Legislature for payment to the IESO ("**Appropriated Funds**"), amounts equal to any amounts that the IESO fails to pay under this Agreement. On the occurrence of an Event of Default, the Minister of Finance is irrevocably authorized to deduct from the Appropriated Funds amounts equal to any amounts that the IESO fails to pay to the OFA in accordance with the provisions of this Agreement and to pay such amounts directly to the OFA ("**Intercept**").

(b) If the OFA determines that it is necessary to request the Minister of Finance to exercise the Intercept, the OFA will give written notice to the Minister of Finance, with a copy to the Ministry of Energy, of the IESO's failure to pay under this Agreement and requesting the deduction of amounts equal to the amounts that the IESO has failed to pay under this Agreement.

The IESO agrees that any notice from the OFA to the Minister of Finance in relation to this section 5.7 (Intercept) may be relied upon by the Minister of Finance without further inquiry or verification by the Minister of Finance and, upon receipt of such notice, an amount equal to the amount that the IESO fails to pay to the OFA shall be deducted from the Appropriated Funds and paid to the OFA.

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ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF IESO

Section 6.1 Representations and Warranties of IESO

The IESO represents and warrants to the OFA that:

(a) the borrowing of money (including principal and accrued interest) by the IESO and the execution, delivery and performance of this Agreement are within the powers and capacities of the IESO and have been duly authorized by all necessary legal action and proper proceedings;

(b) the execution and delivery of this Agreement, the consummation of the transactions contemplated by this Agreement and the compliance with the terms and conditions of this Agreement will not conflict with or result in a breach of any of the terms or provisions of the constituting documents or by-laws of the IESO, laws of Ontario, including laws of

Canada applicable therein, applicable to the IESO or any contractual or other obligation binding on the IESO;

(c) this Agreement will, when executed and delivered, constitute the legal, valid and binding obligation of the IESO enforceable against it in accordance with its terms; and

(d) the monies advanced under this Agreement shall be used only by the IESO for the purposes set out in Section 2.2.

Section 6.2 Continuation of Representation and Warranties

The representations and warranties set out in Section 6.1 herein shall survive the execution and delivery of this Agreement, the making of each Advance by the OFA, notwithstanding any investigations or examinations which may be made by counsel for the OFA.

ARTICLE 7
GENERAL

Section 7.1 Notices.

Any notice, direction or other communication to be given under this Agreement shall be in writing and given by personally delivering it or sending it by telecopy or other means of electronic communication addressed:

If to the IESO, to it at:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, ON M5H 1T1

Attention: Chief Financial Officer
Telephone: (416)969-6232
Facsimile: (905)403-6913

If to the OFA, to it at:

Ontario Financing Authority 1 Dundas Street West
Suite 1400 Toronto, Ontario M7A 1Y7

Attention: Executive Director & Chief Investment Officer – Capital Markets Division
Telephone: (416)325-8930
Facsimile: (416)860-8346

provided that any Borrowing Notice or Election Notice shall be addressed as indicated on Schedule 1 or Schedule 2 respectively.

Any communication hereunder shall be deemed to have been validly and effectively given if (a) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, (b) transmitted by facsimile or other means of electronic communication, on the Business Day following the date of transmission provided that, on the date of transmission, the addressee of such communication was notified by telephone of such transmission. Any party may from time to time change its address for communications hereunder by notice give in accordance with this Section 7.1 and until changed by like notice, such changed address shall be such party's address for purposes of this Section 7.1.

Section 7.2 Successors and Assigns.

This Agreement shall be binding on and enure to the benefit of the OFA and the IESO and their respective successors and permitted assigns, except that the IESO shall not, without the prior written consent of the OFA assign, pledge or hypothecate any rights or obligations with respect to this Agreement.

Section 7.3 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by each of the Parties.

Section 7.4 Waiver.

(1) No waiver of any provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) of this Agreement nor shall such waiver be binding unless executed in writing by the party to be bound by the waiver.

(2) No failure on the part of a party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of such right and any single or partial exercise of such right shall not preclude another or further exercise of such right or the exercise of any other right.

Section 7.5 Further Assurances.

Each of the IESO and the OFA shall, from time to time, do all such acts and things and execute and deliver all such instruments as may be reasonably required to give effect to, and carry out the terms of, this Agreement

Section 7.6 Severability.

In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions in this Agreement shall not in any way be affected or impaired thereby.

Section 7.7 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

Section 7.8 Entire Agreement.

This Agreement and the Schedules constitutes the whole agreement between the Parties with respect to the matters dealt with in it, and it supersedes any prior agreements, undertakings, discussions and the like respecting the matters dealt with in this Agreement and entered into by the parties before the date the OFA signs this Agreement.

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Section 7.~~9~~8 Counterparts.

This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

ONTARIO FINANCING AUTHORITY

I have authority to bind the corporation.

Per: _____

Name: Michael D. Manning
Title: Executive Director & Chief Investment Officer, Capital Markets Division

I have authority to bind the corporation.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name: Kimberly Marshall
Title: Vice President, Corporate Services; Chief Financial Officer; Treasurer

SCHEDULE 1

FORM OF BORROWING NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.2 of the Agreement that the IESO requests an Advance under the Agreement, and, in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"), as required by Section 3.2(1) of the Agreement:

(a) The date of the Proposed Advance, being a Business Day is _____;
(b) The principal amount of the Proposed Advance is $_____;
(c) The Repayment Date of the Proposed Advance is _____. [Not earlier than 5 days and not later than 95 days after the date of the Proposed Advance.]

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement will be expended or held solely for the purpose for which they are authorized to be used under the Agreement; no part of the funds to be received pursuant to this Notice shall be used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:

Authorized Signatory

SCHEDULE 2

FORM OF ELECTION NOTICE

Delivered Via Email: CASHP@ofina.on.ca

Ontario Financing Authority ("OFA")
1 Dundas Street West, Suite 1400
Toronto, Ontario
M7A 1Y7

Date: [insert date]

Attention: Cash Management

Dear Sirs:

I. ELECTION NOTICE

The undersigned, the Independent Electricity System Operator ("IESO"), refers to the Revolving Credit Facility Agreement between the IESO and the OFA dated September (·), 2017 (as amended, supplemented or restated from time to time, the "Agreement", the terms defined therein being used herein as therein defined), and gives you notice pursuant to Section 3.3 of the Agreement that the IESO elects to continue for an additional term all or a portion of an Advance or a Continued Advance, as the case may be, and in connection with such election sets forth below the information relating to such election as required by Section 3.3(2) of the Agreement:

(a) The date of the proposed election, being a Business Day (being the Current Repayment Date) is _____.

(b) The aggregate amount of the proposed Continued Advance is $_____, which is comprised of:
   i. principal amount (or portion thereof) of Advance which is to be continued $_____; and
   ii. accrued interest on Advance which will not be paid on or before the Current Repayment Date $_____;

(c) The IESO will pay on the Current Repayment Date the following amount with respect to the Advance (if any): $ _____

(d) The New Repayment Date, being a Business Day, applicable to such proposed Continued Advance is _____. [Insert date not earlier than 5 days and not later than 95 days after the current Repayment Date for the Advance.]

Such election shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

II. BORROWING NOTICE [to be included if applicable]

The IESO gives you notice pursuant to Section 3.3(3) of the Agreement that the IESO requests a further Advance under the Agreement on the Current Repayment Date, with a Repayment Date of the New Repayment Date as specified above, and in connection with such request, sets forth below the information relating to such Advance (the "Proposed Advance"):

Amount of the Proposed Advance: $_____
The total aggregate amount of the proposed Continued Advance and Proposed Advance pursuant to this Notice is: $_____

Such request of the Proposed Advance shall be confirmed by the IESO by a telephone call to OFA Cash Management at 416-325-8108.

Use of Funds

The IESO hereby certifies that the funds comprising the Proposed Advance requested pursuant to this Notice, if any, will be used for the following purpose(s): [specify purpose(s) and any sub-categories of borrowing purposes, as applicable]

The IESO hereby certifies that:

The representations and warranties of the IESO contained in the Agreement are true and correct as at the date hereof.

No Event of Default has occurred or is continuing and no event or condition has occurred, which, with the lapse of time or the giving of notice or both would constitute an Event of Default.

The IESO has complied or is complying with all terms, covenants and conditions contained in the Agreement.

Any and all funds received under the Agreement are being used solely as authorized under the Agreement and are not being used for any other purpose.

Yours truly,

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____
Name:

Authorized Signatory

SCHEDULE 3 – FORM OF GRID NOTE

INDEPENDENT ELECTRICITY SYSTEM OPERATOR GRID NOTE

Principal Amount: Up to $2,000,000,000 Date:

FOR VALUE RECEIVED, INDEPENDENT ELECTRICITY SYSTEM OPERATOR (the "**IESO**"), incorporated under the laws of the Province of Ontario and having its principal office and place of business at Toronto, Ontario, **PROMISES TO PAY** to or to the order of **ONTARIO FINANCING AUTHORITY** ("**OFA**") at its offices at Toronto, Ontario or at such other place as the OFA may designate, the principal amount of each and all Advances made by the OFA to the IESO, all as recorded by the OFA on the grid attached to and forming part of this Grid Note, in lawful money of Canada, with interest on each Advance at the rate, calculated in the manner and payable at the times specified in the Revolving Credit Facility Agreement (as defined below).

OFA shall and is unconditionally and absolutely authorized and directed by the IESO to record on the Grid Note (i) the date and amount of each Advance, including any Advance all or a portion of which is continued by election under Section 3.3; (ii) the applicable rate of interest for each Advance; (iii) the repayment date of each Advance; (iv) the date and amount of each payment of interest and each payment of principal in respect of each Advance; and (v) the outstanding principal amount of the Grid Note. Such notations, in the absence of manifest error, shall be *prima facie* evidence of such advances and repayments; provided that the failure of the OFA to record the same shall not affect the obligations of the Borrower to pay such amounts to the OFA.

The outstanding principal amount of each Advance under this Grid Note together with all interest accrued thereon shall become due and payable as specified in the Revolving Credit Facility Agreement dated September (·), 2017 as amended, supplemented or restated from time to time, between the Borrower and the OFA (the "Agreement"). All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Agreement.

This Grid Note is issued pursuant to, and is subject to and payable in accordance with the provisions of, the Agreement.

This Grid Note is not transferable or negotiable without the prior written consent of the IESO.

The IESO waives presentment for payment and notice of non-payment.

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

IN WITNESS WHEREOF the IESO has executed this Grid Note.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

Per: _____

Name:
Authorized Signatory

Revolving Credit Facility Grid Note

Ontario Financing Authority
Line of Credit Grid Note

Entity : Independent Electricity System Operator
Loan Limit:

Project:
Schedule of loan transactions to:
Loan Advanced to:

New Loan and/or Rollover						Actual Repayment				
New Loan or Rollover Date	Principal Advanced or Rollover Amount	Interest Rate	Repayment Date	Total No. Of Days	Interest Amount	Actual Repayment	Principal	Interest	Actual Repayment Date	Actual No. Of Days

From: Lisa Stein
To: Sarah Neville
Subject: matter site link re IESO FHP agreements
Date: Wednesday, July 05, 2017 5:03:47 PM

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http://portal.ofina.on.ca/sites/cms/legal/LE10-00-2017-022/default.aspx

From: Lisa Stein
To: Sarah Harris
Subject: new condition
Date: Thursday, November 02, 2017 5:08:01 PM

Please see (b)(iii). We can discuss further tomorrow.

For the purposes of this Amending Agreement and its coming into effect:

a. "**Effective Time**" means the time on the Effective Date by which the Transfers of Funds (defined below) have been completed; or such other time as the Parties may subsequently agree to in writing as being the "Effective Time";

b. "**Transfers of Funds**" means those transfers of funds to be completed between the Parties on the Effective Date, being:

i. the First Advance as defined under section 3.2(3) of the credit agreement between the Parties in relation to the IESO's role in the implementation of the OFHP dated November 3, 2017; and,

ii. the completion of all Advances described in the Election Notice to be provided by the IESO to the OFA no later than November 17, 2017 (such terms having the meanings defined in the Credit Agreement) that are to be funded under the Credit Agreement on the Effective Date; and,

iii. the repayment by the IESO of all Advances Outstanding (as defined in the Credit Agreement) exceeding $475 million; and,

iv. the payment by the IESO to OFA of the interest then owing under the Credit Agreement.